

## **JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE**

The managers on the part of the House and the Senate at the conference on disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (House Concurrent Resolution 95), establishing the congressional budget for the United States Government for fiscal year 2004, revising the congressional budget for the United States Government for fiscal year 2003, and setting forth appropriate budgetary levels for each of fiscal years 2005 through 2013, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommend in the accompanying conference report:

The Senate amendment struck all out of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

### **DISPLAYS AND AMOUNTS**

The contents of concurrent budget resolutions are set forth in section 301(a) of the Congressional Budget Act of 1974. The years in this document are fiscal years unless otherwise indicated.

#### ***House Resolution***

The House budget resolution includes all of the items required as part of a concurrent budget resolution under section 301(a) of the Congressional Budget Act other than the spending and revenue levels for Social Security (which is used to enforce a point of order applicable only in the Senate).

#### ***Senate Amendment***

The Senate amendment includes all of the items required under section 301(a) of the Congressional Budget Act. As permitted under section 301(b) of the Congressional Budget Act, Section 101(6) of the Senate amendment includes advisory levels on debt held by the public.

#### ***Conference Agreement***

The Conference Agreement includes all of the items required by section 301(a) of the Congressional Budget Act.

### **AGGREGATE AND FUNCTION LEVELS**

The following tables are included in this section:

Conference Report on the Fiscal Year 2004 Budget Resolution: Total Spending and Revenues

Conference Report on the Fiscal Year 2004 Budget Resolution: Discretionary Spending

Conference Report on the Fiscal Year 2004 Budget Resolution: Mandatory Spending

House-Passed Fiscal Year 2004 Budget Resolution: Total Spending and Revenues  
House-Passed Fiscal Year 2004 Budget Resolution: Discretionary Spending  
House Passed Fiscal Year 2004 Budget Resolution: Mandatory Spending

Senate-Passed Fiscal Year 2004 Amendment: Aggregate and Function Levels

# CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: TOTAL SPENDING AND REVENUES

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	2,231.122	2,247.860	2,387.012	2,529.740	2,652.819	2,782.789	2,905.038	3,024.490	3,156.932	3,264.724	3,412.316	12,600.220	28,363.720
OT .....	2,181.910	2,268.230	2,375.351	2,493.643	2,607.179	2,737.405	2,866.279	2,992.306	3,133.830	3,229.310	3,386.854	12,481.808	28,090.387
On-Budget:													
BA .....	1,862.613	1,861.004	1,990.236	2,122.301	2,232.829	2,348.872	2,454.439	2,555.612	2,669.462	2,754.007	2,875.121	10,555.242	23,863.883
OT .....	1,815.395	1,883.834	1,981.402	2,089.299	2,190.576	2,307.259	2,419.846	2,527.898	2,651.220	2,723.935	2,855.491	10,452.370	23,630.760
Off-Budget:													
BA .....	368.509	386.856	396.776	407.439	419.990	433.917	450.599	468.878	487.470	510.717	537.195	2,044.978	4,499.837
OT .....	366.515	384.396	393.949	404.344	416.603	430.146	446.433	464.408	482.610	505.375	531.363	2,029.438	4,459.627
Revenues													
Total .....	1,834.718	1,883.273	2,081.650	2,276.573	2,441.399	2,586.273	2,772.894	2,923.691	3,062.692	3,239.140	3,423.675	11,269.168	26,691.260
On-budget .....	1,303.111	1,325.452	1,493.875	1,657.511	1,790.251	1,901.844	2,053.762	2,167.937	2,270.540	2,409.572	2,553.985	8,168.933	19,624.729
Off-budget .....	531.607	557.821	587.775	619.062	651.148	684.429	719.132	755.754	792.152	829.568	869.690	3,100.235	7,066.531
Surplus/Deficit (–):													
Total .....	–347.192	–384.957	–293.701	–217.070	–165.780	–151.132	–93.385	–68.615	–71.138	9.830	36.821	–1,212.640	–1,399.127
On-budget .....	–512.284	–558.382	–487.527	–431.788	–400.325	–405.415	–366.084	–359.961	–380.680	–314.363	–301.506	–2,283.437	–4,006.031
Off-budget .....	165.092	173.425	193.826	214.718	234.545	254.283	272.699	291.346	309.542	324.193	338.327	1,070.797	2,606.904
Debt Held by the Public (end of year) .....	3,917	4,299	4,599	4,829	5,007	5,169	5,272	5,349	5,428	5,424	5,394	na	na
Debt Subject to Limit (end of year) .....	6,747	7,384	7,978	8,534	9,064	9,602	10,102	10,601	11,125	11,588	12,040	na	na
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	392.494	400.546	420.071	440.185	460.435	480.886	491.951	502.301	511.859	520.553	529.428	2,202.123	4,758.215
OT .....	386.229	400.916	414.237	426.011	438.656	462.861	479.249	493.195	508.131	510.509	524.494	2,142.681	4,658.259
International Affairs (150):													
BA .....	22.506	25.681	29.734	32.308	33.603	34.611	35.413	36.258	37.136	38.005	38.885	155.937	341.634
OT .....	19.283	24.207	24.917	26.539	28.464	29.604	30.733	31.689	32.565	33.408	34.298	133.731	296.424
General Science, Space, and Technology (250):													
BA .....	23.153	23.927	24.433	25.217	26.055	26.832	27.462	28.121	28.805	29.492	30.185	126.464	270.529
OT .....	21.556	22.799	23.861	24.485	25.221	25.948	26.639	27.296	27.963	28.639	29.319	122.314	262.170
Energy (270):													
BA .....	2.074	2.634	2.797	2.714	2.540	3.080	3.090	3.194	3.296	3.408	3.520	13.765	30.273
OT .....	0.439	0.873	0.947	1.272	1.069	1.419	1.686	1.794	1.976	2.357	2.326	5.580	15.719

Natural Resources and Environment (300):													
BA .....	30.816	31.623	32.504	32.962	33.386	34.064	35.183	36.021	36.829	37.529	38.214	164.539	348.315
OT .....	28.940	30.782	31.654	32.830	33.127	33.527	34.544	35.360	36.163	36.836	37.600	161.920	342.423
Agriculture (350):													
BA .....	24.418	24.583	27.003	26.828	26.299	25.507	26.092	25.545	24.991	24.573	24.297	130.220	255.718
OT .....	23.365	23.656	25.763	25.593	25.107	24.381	25.128	24.716	24.180	23.778	23.498	124.500	245.800
Commerce and Housing Credit (370):													
BA .....	5.212	7.316	8.243	5.802	5.455	5.211	4.751	4.278	3.871	3.716	3.369	32.027	52.012
OT .....	2.281	3.374	3.550	0.638	-0.520	-1.289	-1.756	-2.591	-3.581	-4.131	-4.438	5.753	-10.744
On-budget:													
BA .....	8.812	7.516	8.743	8.280	8.626	8.743	8.526	8.407	8.386	8.489	8.563	41.908	84.279
OT .....	5.881	3.574	4.050	3.116	2.651	2.243	2.019	1.538	0.934	0.642	0.756	15.634	21.523
Off-budget:													
BA .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
OT .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
Transportation (400):													
BA .....	64.091	69.506	70.489	72.496	75.278	76.927	78.878	77.747	78.624	79.527	80.466	364.696	759.938
OT .....	67.847	69.869	69.442	70.191	71.786	73.659	75.632	77.233	78.291	79.317	80.346	354.947	745.766
Community and Regional Development (450):													
BA .....	12.251	14.063	14.138	14.321	14.536	14.745	14.980	15.233	15.492	15.755	16.023	71.803	149.286
OT .....	15.994	15.823	15.872	14.961	14.664	14.123	14.298	14.501	14.750	14.992	15.259	75.443	149.243
Education, Training, Employment and Social Services (500):													
BA .....	82.699	90.035	91.442	93.428	95.569	97.925	99.813	101.551	103.529	105.790	107.265	468.399	986.347
OT .....	81.455	84.205	87.020	90.541	92.986	95.118	97.440	99.289	101.117	102.985	104.934	449.870	955.635
Health (550):													
BA .....	222.913	240.554	259.701	279.236	299.614	322.061	345.548	370.626	396.818	415.790	445.484	1,401.166	3,375.432
OT .....	217.881	238.785	259.403	279.024	298.681	320.731	344.059	369.097	395.280	414.384	444.082	1,396.624	3,363.526
Medicare (570):													
BA .....	248.586	266.018	282.682	321.623	343.717	369.244	395.368	423.288	453.285	485.951	526.553	1,583.284	3,867.729
OT .....	248.434	266.283	285.630	318.384	343.987	369.119	395.107	423.546	456.642	482.125	526.809	1,583.403	3,867.632
Income Security (600):													
BA .....	326.390	319.518	333.821	341.816	349.199	361.697	373.372	384.844	400.266	403.738	418.672	1,706.051	3,686.943
OT .....	334.177	324.840	337.123	344.292	350.945	362.808	374.083	385.347	400.688	404.146	419.245	1,720.008	3,703.517
Social Security (650):													
BA .....	478.882	501.140	521.499	546.735	575.008	606.071	641.105	679.322	720.505	766.154	816.195	2,750.453	6,373.734
OT .....	476.888	498.679	518.672	543.640	571.621	602.300	636.939	674.852	715.645	760.812	810.363	2,734.912	6,333.523
On-budget:													
BA .....	13.255	14.294	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	83.809	223.776
OT .....	13.255	14.293	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	83.808	223.775

CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: TOTAL SPENDING AND REVENUES—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Off-budget:													
BA .....	465.627	486.846	506.028	530.314	557.089	586.367	619.295	655.039	692.335	734.797	781.848	2,666.644	6,149.958
OT .....	463.633	484.386	503.201	527.219	553.702	582.596	615.129	650.569	687.475	729.455	776.016	2,651.104	6,109.748
Veterans Benefits and Services (700):													
BA .....	57.597	63.779	67.135	65.397	63.874	67.666	69.279	70.992	75.669	72.618	77.455	327.851	693.864
OT .....	57.486	63.209	66.553	64.995	63.442	67.398	68.924	70.588	75.249	72.097	76.989	325.597	689.444
Administration of Justice (750):													
BA .....	38.543	37.626	37.946	37.984	38.461	39.477	40.497	41.599	42.889	44.207	45.576	191.494	406.262
OT .....	37.712	40.788	39.193	38.329	38.252	39.128	40.212	41.299	42.472	43.760	45.120	195.690	408.553
General Government (800):													
BA .....	18.185	20.202	20.635	20.656	21.126	21.236	21.946	22.695	23.458	24.255	25.076	103.855	221.285
OT .....	18.110	20.066	20.714	20.485	20.876	21.013	21.504	22.212	22.946	23.880	24.520	103.154	218.216
Net Interest (900):													
BA .....	156.067	169.656	212.681	243.313	258.818	269.793	278.541	283.448	288.931	293.336	292.764	1,154.261	2,591.281
OT .....	156.067	169.656	212.681	243.313	258.818	269.793	278.541	283.448	288.931	293.336	292.764	1,154.261	2,591.281
On-budget:													
BA .....	240.176	259.414	310.630	352.219	380.574	405.647	429.542	450.651	473.381	496.015	514.513	1,708.484	4,072.586
OT .....	240.176	259.414	310.630	352.219	380.574	405.647	429.542	450.651	473.381	496.015	514.513	1,708.484	4,072.586
Off-budget:													
BA .....	–84.109	–89.758	–97.949	–108.906	–121.756	–135.854	–151.001	–167.203	–184.450	–202.679	–221.749	–554.223	–1,481.305
OT .....	–84.109	–89.758	–97.949	–108.906	–121.756	–135.854	–151.001	–167.203	–184.450	–202.679	–221.749	–554.223	–1,481.305
Allowances (920):													
BA .....	74.758	–7.621	–6.541	–7.331	–8.947	–9.959	–11.526	–12.888	–16.414	–21.460	–25.618	–40.399	–128.305
OT .....	38.279	22.346	1.520	–5.930	–8.796	–9.951	–9.978	–10.880	–12.671	–15.707	–19.181	–0.811	–69.228
Undistributed Offsetting Receipts (950):													
BA .....	–50.513	–52.926	–63.401	–65.950	–61.207	–64.285	–66.705	–69.685	–72.907	–78.213	–81.493	–307.769	–676.772
OT .....	–50.513	–52.926	–63.401	–65.950	–61.207	–64.285	–66.705	–69.685	–72.907	–78.213	–81.493	–307.769	–676.772
On-budget:													
BA .....	–41.104	–42.894	–52.598	–54.459	–49.035	–51.221	–52.785	–54.856	–57.007	–61.585	–63.783	–250.207	–540.223
OT .....	–41.104	–42.894	–52.598	–54.459	–49.035	–51.221	–52.785	–54.856	–57.007	–61.585	–63.783	–250.207	–540.223
Off-budget:													
BA .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549
OT .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549

# CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: DISCRETIONARY SPENDING

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	840.554	784.460	814.086	842.470	872.461	903.983	924.775	944.195	962.135	978.491	995.126	4,217.460	9,022.182
OT .....	842.961	860.752	858.003	870.434	892.160	926.475	955.305	980.114	1,004.818	1,016.239	1,038.931	4,407.824	9,403.231
Defense:													
BA .....	392.137	400.058	419.437	439.507	459.729	480.129	491.172	501.487	511.015	519.702	528.537	2,198.860	4,750.773
OT .....	386.373	400.561	413.682	425.379	437.995	462.157	478.522	492.435	507.345	509.721	523.668	2,139.774	4,651.465
Nondefense:													
BA .....	448.417	384.402	394.649	402.963	412.732	423.854	433.603	442.708	451.120	458.789	466.589	2,018.600	4,271.409
OT .....	456.588	460.191	444.321	445.055	454.165	464.318	476.783	487.679	497.473	506.518	515.263	2,268.050	4,751.766
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	392.137	400.058	419.437	439.507	459.729	480.129	491.172	501.487	511.015	519.702	528.537	2,198.860	4,750.773
OT .....	386.373	400.561	413.682	425.379	437.995	462.157	478.522	492.435	507.345	509.721	523.668	2,139.774	4,651.465
International Affairs (150):													
BA .....	25.407	28.651	30.034	31.579	32.854	33.845	34.630	35.459	36.322	37.176	38.037	156.963	338.587
OT .....	26.000	26.775	27.522	29.195	31.084	32.119	33.225	34.179	35.072	35.935	36.778	146.695	321.884
General Science, Space, and Technology (250):													
BA .....	23.047	23.897	24.402	25.186	26.023	26.799	27.429	28.087	28.770	29.456	30.149	126.307	270.198
OT .....	21.457	22.701	23.766	24.421	25.176	25.915	26.607	27.263	27.929	28.605	29.284	121.979	261.667
Energy (270):													
BA .....	3.237	3.672	3.975	3.914	3.902	4.858	4.975	5.096	5.227	5.357	5.489	20.321	46.465
OT .....	3.151	3.577	3.869	3.971	3.901	4.647	4.911	5.031	5.157	5.286	5.415	19.965	45.765
Natural Resources and Environment (300):													
BA .....	29.238	29.327	29.802	30.097	30.583	31.319	31.998	32.705	33.448	34.196	34.970	151.128	318.445
OT .....	27.857	29.014	29.554	29.983	30.464	30.965	31.542	32.199	32.899	33.595	34.342	149.980	314.557
Agriculture (350):													
BA .....	5.727	5.243	5.609	5.734	5.876	6.037	6.208	6.386	6.575	6.767	6.962	28.499	61.397
OT .....	5.852	5.589	5.533	5.613	5.758	5.958	6.128	6.303	6.487	6.679	6.871	28.451	60.919
Commerce and Housing Credit (370):													
BA .....	0.150	– 0.496	– 0.269	– 0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	0.093	3.254
OT .....	0.054	0.092	– 0.393	– 0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	0.184	2.732
On-budget:													
BA .....	0.150	– 0.496	– 0.269	– 0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	0.093	3.254
OT .....	0.054	0.092	– 0.393	– 0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	0.184	2.732

Off-budget:														
BA .....														
OT .....														
Transportation (400):														
BA .....	22.611	23.205	23.134	24.192	24.882	25.276	26.393	26.221	27.040	27.875	28.739	120.689	256.957	
OT .....	65.184	67.608	67.257	68.142	69.802	71.732	73.676	75.266	76.289	77.269	78.245	344.541	725.286	
Community and Regional Development (450):														
BA .....	11.725	13.826	13.999	14.188	14.401	14.688	14.921	15.168	15.425	15.686	15.950	71.102	148.252	
OT .....	16.054	15.912	15.992	15.124	14.884	14.390	14.602	14.835	15.079	15.313	15.569	76.302	151.700	
Education, Training, Employment and Social Services (500):														
BA .....	72.875	80.507	81.005	82.245	84.023	86.086	87.707	89.283	90.924	92.938	94.086	413.866	868.804	
OT .....	71.958	75.206	77.152	80.039	82.172	83.975	86.043	87.652	89.250	90.886	92.523	398.544	844.898	
Health (550):														
BA .....	49.468	49.620	50.667	51.800	52.950	54.299	55.607	56.972	58.387	59.806	61.246	259.336	551.354	
OT .....	44.349	47.742	49.376	50.414	51.631	52.576	53.801	55.102	56.460	57.851	59.252	251.739	534.205	
Medicare (570):														
BA .....	3.798	3.739	3.807	3.906	4.014	4.138	4.353	4.572	4.809	5.089	5.396	19.604	43.823	
OT .....	3.797	3.726	3.811	3.897	3.992	4.113	4.309	4.524	4.757	5.027	5.327	19.539	43.483	
Income Security (600):														
BA .....	44.020	45.712	48.760	50.311	52.004	53.714	55.441	57.295	59.143	61.023	62.884	250.501	546.287	
OT .....	50.781	51.544	52.373	53.424	54.643	56.116	57.505	58.954	60.560	62.215	63.908	268.100	571.242	
Social Security (650):														
BA .....	3.833	4.282	4.363	4.450	4.549	4.665	4.820	4.983	5.151	5.323	5.503	22.309	48.089	
OT .....	3.859	4.231	4.326	4.435	4.532	4.644	4.794	4.953	5.121	5.291	5.471	22.168	47.798	
On-budget:														
BA .....	0.021	0.025	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.130	0.280	
OT .....	0.021	0.024	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.129	0.279	
Off-budget:														
BA .....	3.812	4.257	4.338	4.424	4.522	4.638	4.792	4.954	5.121	5.292	5.471	22.179	47.809	
OT .....	3.838	4.207	4.301	4.409	4.505	4.617	4.766	4.924	5.091	5.260	5.439	22.039	47.519	
Veterans Benefits and Services (700):														
BA .....	26.532	29.957	28.386	28.812	29.272	29.838	30.796	31.789	32.824	33.887	35.000	146.265	310.561	
OT .....	26.902	29.600	28.183	28.495	29.024	29.662	30.530	31.497	32.521	33.576	34.663	144.964	307.751	
Administration of Justice (750):														
BA .....	36.289	33.529	35.762	36.664	37.621	38.694	39.771	40.931	42.288	43.674	45.117	182.270	394.051	
OT .....	35.484	37.495	36.611	36.824	37.483	38.455	39.596	40.741	41.977	43.331	44.764	186.868	397.277	
General Government (800):														
BA .....	15.702	17.352	17.754	17.770	18.191	18.679	19.313	19.988	20.667	21.371	22.105	89.746	193.190	
OT .....	15.570	17.033	17.869	17.658	17.966	18.316	18.859	19.511	20.172	20.864	21.582	88.842	189.830	

CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: DISCRETIONARY SPENDING—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Allowances (920):													
BA .....	74.758	– 7.621	– 6.541	– 7.331	– 8.947	– 9.959	– 11.526	– 12.888	– 16.414	– 21.460	– 25.618	– 40.399	– 128.305
OT .....	38.279	22.346	1.520	– 5.930	– 8.796	– 9.951	– 9.978	– 10.880	– 12.671	– 15.707	– 19.181	– 0.811	– 69.228



# CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: MANDATORY SPENDING

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	1,390.568	1,463.400	1,572.926	1,687.270	1,780.358	1,878.806	1,980.263	2,080.295	2,194.797	2,286.233	2,417.190	8,382.760	19,341.538
OT .....	1,338.949	1,407.478	1,517.348	1,623.209	1,715.019	1,810.930	1,910.974	2,012.192	2,129.012	2,213.071	2,347.923	8,073.984	18,687.156
On-budget:													
BA .....	1,025.871	1,080.801	1,180.488	1,284.255	1,364.890	1,449.527	1,534.456	1,616.371	1,712.448	1,780.808	1,885.466	6,359.961	14,889.510
OT .....	976.272	1,027.289	1,127.700	1,223.274	1,302.921	1,385.401	1,469.307	1,552.708	1,651.493	1,712.956	1,821.999	6,066.585	14,275.048
Off-budget:													
BA .....	364.697	382.599	392.438	403.015	415.468	429.279	445.807	463.924	482.349	505.425	531.724	2,022.799	4,452.028
OT .....	362.677	380.189	389.648	399.935	412.098	425.529	441.667	459.484	477.519	500.115	525.924	2,007.399	4,412.108
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	0.357	0.488	0.634	0.678	0.706	0.757	0.779	0.814	0.844	0.851	0.891	3.263	7.442
OT .....	–0.144	0.355	0.555	0.632	0.661	0.704	0.727	0.760	0.786	0.788	0.826	2.907	6.794
International Affairs (150):													
BA .....	–2.901	–2.970	–0.300	0.729	0.749	0.766	0.783	0.799	0.814	0.829	0.848	–1.026	3.047
OT .....	–6.717	–2.568	–2.605	–2.656	–2.620	–2.515	–2.492	–2.490	–2.507	–2.527	–2.480	–12.964	–25.460
General Science, Space, and Technology (250):													
BA .....	0.106	0.030	0.031	0.031	0.032	0.033	0.033	0.034	0.035	0.036	0.036	0.157	0.331
OT .....	0.099	0.098	0.095	0.064	0.045	0.033	0.032	0.033	0.034	0.034	0.035	0.335	0.503
Energy (270):													
BA .....	–1.163	–1.038	–1.178	–1.200	–1.362	–1.778	–1.885	–1.902	–1.931	–1.949	–1.969	–6.556	–16.192
OT .....	–2.712	–2.704	–2.922	–2.699	–2.832	–3.228	–3.225	–3.237	–3.181	–2.929	–3.089	–14.385	–30.046
Natural Resources and Environment (300):													
BA .....	1.578	2.296	2.702	2.865	2.803	2.745	3.185	3.316	3.381	3.333	3.244	13.411	29.870
OT .....	1.083	1.768	2.100	2.847	2.663	2.562	3.002	3.161	3.264	3.241	3.258	11.940	27.866
Agriculture (350):													
BA .....	18.691	19.340	21.394	21.094	20.423	19.470	19.884	19.159	18.416	17.806	17.335	101.721	194.321
OT .....	17.513	18.067	20.230	19.980	19.349	18.423	19.000	18.413	17.693	17.099	16.627	96.049	184.881
Commerce and Housing Credit (370):													
BA .....	5.062	7.812	8.512	6.356	4.921	4.333	3.984	3.617	3.337	3.091	2.795	31.934	48.758
OT .....	2.227	3.282	3.943	1.288	–0.969	–1.975	–2.389	–3.140	–3.995	–4.633	–4.888	5.569	–13.476
On-budget:													
BA .....	8.662	8.012	9.012	8.834	8.092	7.865	7.759	7.746	7.852	7.864	7.989	41.815	81.025
OT .....	5.827	3.482	4.443	3.766	2.202	1.557	1.386	0.989	0.520	0.140	0.306	15.450	18.791

Off-budget:													
BA .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
OT .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
Transportation (400):													
BA .....	41.480	46.301	47.355	48.304	50.396	51.651	52.485	51.526	51.584	51.652	51.727	244.007	502.981
OT .....	2.663	2.261	2.185	2.049	1.984	1.927	1.956	1.967	2.002	2.048	2.101	10.406	20.480
Community and Regional Development (450)													
BA .....	0.526	0.237	0.139	0.133	0.135	0.057	0.059	0.065	0.067	0.069	0.073	0.701	1.034
OT .....	-0.060	-0.089	-0.120	-0.163	-0.220	-0.267	-0.304	-0.334	-0.329	-0.321	-0.310	-0.859	-2.457
Education, Training, Employment and Social Services (500):													
BA .....	9.824	9.528	10.437	11.183	11.546	11.839	12.106	12.268	12.605	12.852	13.179	54.533	117.543
OT .....	9.497	8.999	9.868	10.502	10.814	11.143	11.397	11.637	11.867	12.099	12.411	51.326	110.737
Health (550):													
BA .....	173.445	190.934	209.034	227.436	246.664	267.762	289.941	313.654	338.431	355.984	384.238	1,141.830	2,824.078
OT .....	173.532	191.043	210.027	228.610	247.050	268.155	290.258	313.995	338.820	356.533	384.830	1,144.885	2,829.321
Medicare (570):													
BA .....	244.788	262.279	278.875	317.717	339.703	365.106	391.015	418.716	448.476	480.862	521.157	1,563.680	3,823.906
OT .....	244.637	262.557	281.819	314.487	339.995	365.006	390.798	419.022	451.885	477.098	521.482	1,563.864	3,824.149
Income Security (600):													
BA .....	282.370	273.806	285.061	291.505	297.195	307.983	317.931	327.549	341.123	342.715	355.788	1,455.550	3,140.656
OT .....	283.396	273.296	284.750	290.868	296.302	306.692	316.578	326.393	340.128	341.931	355.337	1,451.908	3,132.275
Social Security (650):													
BA .....	475.049	496.858	517.136	542.285	570.459	601.406	636.285	674.339	715.354	760.831	810.692	2,728.144	6,325.645
OT .....	473.029	494.448	514.346	539.205	567.089	597.656	632.145	669.899	710.524	755.521	804.892	2,712.744	6,285.725
On-budget:													
BA .....	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	83.679	223.496
OT .....	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	83.679	223.496
Off-budget:													
BA .....	461.815	482.589	501.690	525.890	552.567	581.729	614.503	650.085	687.214	729.505	776.377	2,644.465	6,102.149
OT .....	459.795	480.179	498.900	522.810	549.197	577.979	610.363	645.645	682.384	724.195	770.577	2,629.065	6,062.229
Veterans Benefits and Services (700):													
BA .....	31.065	33.822	38.749	36.585	34.602	37.828	38.483	39.203	42.845	38.731	42.455	181.586	383.303
OT .....	30.584	33.609	38.370	36.500	34.418	37.736	38.394	39.091	42.728	38.521	42.326	180.633	381.693
Administration of Justice (750):													
BA .....	2.254	4.097	2.184	1.320	0.840	0.783	0.726	0.668	0.601	0.533	0.459	9.224	12.211
OT .....	2.228	3.293	2.582	1.505	0.769	0.673	0.616	0.558	0.495	0.429	0.356	8.822	11.276
General Government (800):													
BA .....	2.483	2.850	2.881	2.886	2.935	2.557	2.633	2.707	2.791	2.884	2.971	14.109	28.095
OT .....	2.540	3.033	2.845	2.827	2.910	2.697	2.645	2.701	2.774	3.016	2.938	14.312	28.386

CONFERENCE REPORT ON THE FISCAL YEAR 2004 BUDGET RESOLUTION: MANDATORY SPENDING—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>Net Interest (900):</b>													
BA .....	156.067	169.656	212.681	243.313	258.818	269.793	278.541	283.448	288.931	293.336	292.764	1,154.261	2,591.281
OT .....	156.067	169.656	212.681	243.313	258.818	269.793	278.541	283.448	288.931	293.336	292.764	1,154.261	2,591.281
<b>On-budget:</b>													
BA .....	240.176	259.414	310.630	352.219	380.574	405.647	429.542	450.651	473.381	496.015	514.513	1,708.484	4,072.586
OT .....	240.176	259.414	310.630	352.219	380.574	405.647	429.542	450.651	473.381	496.015	514.513	1,708.484	4,072.586
<b>Off-budget:</b>													
BA .....	–84.109	–89.758	–97.949	–108.906	–121.756	–135.854	–151.001	–167.203	–184.450	–202.679	–221.749	–554.223	–1,481.305
OT .....	–84.109	–89.758	–97.949	–108.906	–121.756	–135.854	–151.001	–167.203	–184.450	–202.679	–221.749	–554.223	–1,481.305
<b>Allowances (920):</b>													
BA .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Undistributed Offsetting Receipts (950):</b>													
BA .....	–50.513	–52.926	–63.401	–65.950	–61.207	–64.285	–66.705	–69.685	–72.907	–78.213	–81.493	–307.769	–676.772
OT .....	–50.513	–52.926	–63.401	–65.950	–61.207	–64.285	–66.705	–69.685	–72.907	–78.213	–81.493	–307.769	–676.772
<b>On-budget:</b>													
BA .....	–41.104	–42.894	–52.598	–54.459	–49.035	–51.221	–52.785	–54.856	–57.007	–61.585	–63.783	–250.207	–540.223
OT .....	–41.104	–42.894	–52.598	–54.459	–49.035	–51.221	–52.785	–54.856	–57.007	–61.585	–63.783	–250.207	–540.223
<b>Off-budget:</b>													
BA .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549
OT .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549

## HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: TOTAL SPENDING AND REVENUES

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	2,158.555	2,225.395	2,349.552	2,483.786	2,597.355	2,716.161	2,834.044	2,950.169	3,084.734	3,215.178	3,369.698	12,372.249	27,826.072
OT .....	2,143.410	2,232.365	2,337.286	2,450.075	2,555.757	2,674.646	2,797.065	2,916.177	3,057.083	3,172.626	3,335.342	12,250.129	27,528.422
On-Budget:													
BA .....	1,790.046	1,838.519	1,952.639	2,076.319	2,177.306	2,282.248	2,383.491	2,481.237	2,597.191	2,704.406	2,832.479	10,327.031	23,325.835
OT .....	1,776.895	1,847.887	1,943.164	2,045.680	2,139.077	2,244.487	2,350.662	2,451.698	2,574.381	2,667.177	2,803.936	10,220.295	23,068.149
Off-Budget:													
BA .....	368.509	386.876	396.913	407.467	420.049	433.913	450.553	468.932	487.543	510.772	537.219	2,045.218	4,500.237
OT .....	366.515	384.478	394.122	404.395	416.680	430.159	446.403	464.479	482.702	505.449	531.406	2,029.834	4,460.273
Revenues:													
Total .....	1,855.336	1,908.024	2,107.162	2,281.891	2,444.370	2,587.249	2,736.597	2,886.701	3,028.028	3,194.074	3,372.405	11,328.696	26,546.501
On-budget .....	1,323.729	1,350.138	1,519.267	1,662.729	1,793.142	1,902.740	2,017.385	2,130.867	2,235.796	2,364.426	2,502.635	8,228.016	19,479.125
Off-budget .....	531.607	557.886	587.895	619.162	651.228	684.509	719.212	755.834	792.232	829.648	869.770	3,100.680	7,067.376
Surplus/Deficit (–):													
Total .....	–288.074	–324.341	–230.124	–168.184	–111.387	–87.397	–60.468	–29.476	–29.055	21.448	37.063	–921.433	–981.921
On-budget .....	–453.166	–497.749	–423.897	–382.951	–345.935	–341.747	–333.277	–320.831	–338.585	–302.751	–301.301	–1,992.279	–3,589.024
Off-budget .....	165.092	173.408	193.773	214.767	234.548	254.350	272.809	291.355	309.530	324.199	338.364	1,070.846	2,607.103
Debt Held by the Public (end of year) .....	3,858	4,179	4,416	4,597	4,720	4,819	4,889	4,926	4,963	4,949	4,918	na	na
Debt Subject to Limit (end of year) .....	6,687	7,264	7,794	8,302	8,777	9,251	9,719	10,179	10,660	11,112	11,564	na	na
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	392.494	400.546	420.071	440.185	460.435	480.886	494.067	507.840	522.103	536.531	551.323	2,202.123	4,813.987
OT .....	386.229	400.916	414.237	426.011	438.656	462.861	480.650	497.348	516.338	523.884	543.541	2,142.681	4,704.442
International Affairs (150):													
BA .....	22.506	24.750	28.631	31.090	32.271	33.120	33.775	34.466	35.315	36.148	37.006	149.862	326.572
OT .....	19.283	23.654	24.090	25.557	27.344	28.303	29.284	30.078	30.916	31.716	32.576	128.948	283.518
General Science, Space, and Technology (250):													
BA .....	23.153	22.771	23.591	24.344	25.153	25.899	26.504	27.140	27.800	28.464	29.134	121.758	260.800
OT .....	21.556	22.348	23.082	23.690	24.425	25.127	25.799	26.435	27.079	27.735	28.393	118.672	254.113
Energy (270):													
BA .....	2.074	2.583	2.707	2.609	2.431	2.988	2.977	3.085	3.181	3.288	3.401	13.318	29.250
OT .....	0.439	0.928	0.961	1.244	1.022	1.400	1.660	1.781	1.955	2.316	2.293	5.555	15.560

Natural Resources and Environment (300):													
BA .....	30.816	29.240	30.253	30.945	31.453	32.230	33.463	34.432	35.438	36.354	37.251	154.121	331.059
OT .....	28.940	29.868	30.276	31.203	31.335	31.713	32.843	33.768	34.752	35.626	36.600	154.395	327.984
Agriculture (350):													
BA .....	24.418	24.192	26.481	26.197	25.567	24.607	24.998	24.293	23.781	23.390	23.155	127.044	246.661
OT .....	23.365	23.363	25.205	25.000	24.430	23.543	24.091	23.526	23.030	22.654	22.413	121.541	237.255
Commerce and Housing Credit (370):													
BA .....	5.212	7.205	8.137	5.673	6.000	5.103	4.999	4.621	4.437	4.269	4.065	32.118	54.509
OT .....	2.281	3.294	3.457	0.487	-0.068	-1.562	-1.793	-2.584	-3.374	-3.945	-4.138	5.608	-10.226
On-budget:													
BA .....	8.812	7.405	8.637	8.151	9.171	8.635	8.774	8.750	8.952	9.042	9.259	41.999	86.776
OT .....	5.881	3.494	3.957	2.965	3.103	1.970	1.982	1.545	1.141	0.828	1.056	15.489	22.041
Off-budget:													
BA .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
OT .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
Transportation (400):													
BA .....	64.091	65.430	65.806	66.718	67.726	68.692	69.881	71.084	72.789	74.498	76.283	334.372	698.907
OT .....	67.847	69.225	66.917	66.538	67.264	68.297	69.552	70.915	72.410	74.004	75.640	338.241	700.762
Community and Regional Development (450):													
BA .....	12.251	14.137	14.356	14.647	14.968	15.351	15.702	16.076	16.468	16.858	17.256	73.459	155.819
OT .....	15.994	15.923	15.991	15.119	14.918	14.500	14.803	15.146	15.524	15.892	16.288	76.451	154.104
Education, Training, Employment and Social Services (500):													
BA .....	86.169	84.748	84.381	86.670	88.650	90.811	92.393	93.935	95.832	97.635	99.536	435.260	914.591
OT .....	81.340	85.706	83.598	84.639	86.417	88.355	90.486	92.170	93.936	95.713	97.602	428.715	898.622
Health (550):													
BA .....	221.878	235.103	248.663	265.462	284.237	303.780	324.153	345.696	370.681	395.391	423.754	1,337.245	3,196.920
OT .....	218.021	235.479	248.358	264.949	283.363	302.637	322.870	344.412	369.399	394.133	422.447	1,334.786	3,188.047
Medicare (570):													
BA .....	248.586	266.538	282.932	322.237	344.656	370.545	396.931	424.989	452.618	489.873	528.586	1,586.908	3,879.905
OT .....	248.434	266.865	285.912	319.017	344.943	370.436	396.685	425.263	455.994	486.064	528.861	1,587.173	3,880.040
Income Security (600):													
BA .....	326.588	315.485	325.921	331.772	336.386	344.748	352.988	360.370	374.372	377.623	391.496	1,654.312	3,511.161
OT .....	334.373	321.120	329.359	334.216	338.308	345.993	353.901	361.147	375.115	378.358	392.351	1,668.996	3,529.868
Social Security (650):													
BA .....	478.882	501.089	521.493	546.791	575.122	606.191	641.237	679.459	720.651	766.311	816.362	2,750.686	6,374.706
OT .....	476.888	498.690	518.702	543.719	571.753	602.437	637.087	675.006	715.810	760.988	810.549	2,735.301	6,334.741
On-budget:													
BA .....	13.255	14.223	15.330	16.451	17.975	19.827	21.982	24.357	28.235	31.450	34.481	83.806	224.311
OT .....	13.255	14.222	15.330	16.451	17.975	19.827	21.982	24.357	28.235	31.450	34.481	83.805	224.310

HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: TOTAL SPENDING AND REVENUES—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Off-budget:													
BA .....	465.627	486.866	506.163	530.340	557.147	586.364	619.255	655.102	692.416	734.861	781.881	2,666.880	6,150.395
OT .....	463.633	484.468	503.372	527.268	553.778	582.610	615.105	650.649	687.575	729.538	776.068	2,651.496	6,110.431
Veterans Benefits and Services (700):													
BA .....	57.597	61.567	65.847	64.000	62.348	65.696	66.939	68.222	72.714	69.867	74.518	319.458	671.718
OT .....	57.486	61.119	65.632	63.830	62.074	65.557	66.695	67.938	72.418	69.477	74.198	318.212	668.938
Administration of Justice (750):													
BA .....	38.543	37.313	37.676	37.586	37.966	38.884	39.846	40.891	42.160	43.459	44.808	189.425	400.589
OT .....	37.712	40.898	39.007	38.030	37.862	38.639	39.669	40.703	41.855	43.131	44.471	194.436	404.265
General Government (800):													
BA .....	18.178	19.779	20.038	19.672	19.976	19.789	20.208	20.620	21.342	22.090	22.881	99.254	206.395
OT .....	18.103	19.597	20.226	19.731	19.737	19.584	19.800	20.175	20.874	21.751	22.374	98.875	203.849
Net Interest (900):													
BA .....	155.632	166.912	205.969	233.138	245.717	253.445	259.512	262.464	265.793	268.782	267.822	1,105.181	2,429.554
OT .....	155.632	166.912	205.969	233.138	245.717	253.445	259.512	262.464	265.793	268.782	267.822	1,105.181	2,429.554
On-budget:													
BA .....	239.741	256.670	303.916	342.042	367.472	389.300	410.519	429.676	450.251	471.470	489.580	1,659.400	3,910.896
OT .....	239.741	256.670	303.916	342.042	367.472	389.300	410.519	429.676	450.251	471.470	489.580	1,659.400	3,910.896
Off-budget:													
BA .....	–84.109	–89.758	–97.947	–108.904	–121.755	–135.855	–151.007	–167.212	–184.458	–202.688	–221.758	–554.219	–1,481.342
OT .....	–84.109	–89.758	–97.947	–108.904	–121.755	–135.855	–151.007	–167.212	–184.458	–202.688	–221.758	–554.219	–1,481.342
Allowances (920):													
BA .....		–1.067										–1.067	–1.067
OT .....		–0.614	–0.292	–0.093	–0.036	–0.015						–1.050	–1.050
Undistributed Offsetting Receipts (950):													
BA .....	–50.513	–52.926	–63.401	–65.950	–63.707	–66.604	–66.529	–69.514	–72.741	–75.653	–78.939	–312.588	–675.964
OT .....	–50.513	–52.926	–63.401	–65.950	–63.707	–66.604	–66.529	–69.514	–72.741	–75.653	–78.939	–312.588	–675.964
On-budget:													
BA .....	–41.104	–42.894	–52.598	–54.459	–51.535	–53.540	–52.609	–54.685	–56.841	–59.025	–61.229	–255.026	–539.415
OT .....	–41.104	–42.894	–52.598	–54.459	–51.535	–53.540	–52.609	–54.685	–56.841	–59.025	–61.229	–255.026	–539.415
Off-budget:													
BA .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549
OT .....	–9.409	–10.032	–10.803	–11.491	–12.172	–13.064	–13.920	–14.829	–15.900	–16.628	–17.710	–57.562	–136.549

# HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: DISCRETIONARY SPENDING

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	765.796	775.386	802.587	830.682	860.381	891.601	915.318	939.877	965.492	991.479	1,018.043	4,160.637	8,990.846
OT .....	804.682	831.265	841.708	857.651	878.630	911.456	940.851	968.691	999.228	1,018.712	1,050.542	4,320.710	9,298.734
Defense													
BA .....	392.137	400.058	419.437	439.507	459.729	480.129	493.288	507.026	521.259	535.680	550.432	2,198.860	4,806.545
OT .....	386.373	400.561	413.682	425.379	437.995	462.157	479.923	496.588	515.552	523.096	542.715	2,139.774	4,697.648
Nondefense													
BA .....	373.659	375.328	383.150	391.175	400.652	411.472	422.030	432.851	444.233	455.799	467.611	1,961.777	4,184.301
OT .....	418.309	430.704	428.026	432.272	440.635	449.299	460.928	472.103	483.676	495.616	507.827	2,180.936	4,601.086
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	392.137	400.058	419.437	439.507	459.729	480.129	493.288	507.026	521.259	535.680	550.432	2,198.860	4,806.545
OT .....	386.373	400.561	413.682	425.379	437.995	462.157	479.923	496.588	515.552	523.096	542.715	2,139.774	4,697.648
International Affairs (150):													
BA .....	25.407	27.843	29.122	30.620	31.842	32.791	33.546	34.351	35.187	36.016	36.851	152.218	328.169
OT .....	26.000	26.376	26.888	28.455	30.266	31.234	32.310	33.233	34.097	34.935	35.754	143.219	313.548
General Science, Space, and Technology (250):													
BA .....	23.047	22.741	23.561	24.314	25.122	25.867	26.472	27.108	27.767	28.430	29.100	121.605	260.482
OT .....	21.457	22.251	22.989	23.627	24.381	25.095	25.768	26.404	27.047	27.703	28.360	118.343	253.625
Energy (270):													
BA .....	3.237	3.625	3.888	3.813	3.794	4.752	4.840	4.960	5.086	5.211	5.344	19.872	45.313
OT .....	3.151	3.614	3.856	3.915	3.816	4.562	4.804	4.919	5.043	5.167	5.297	19.763	44.993
Natural Resources and Environment (300):													
BA .....	29.238	27.018	27.588	28.150	28.751	29.646	30.518	31.431	32.374	33.340	34.320	141.153	303.136
OT .....	27.857	28.167	28.205	28.427	28.771	29.305	30.073	30.914	31.800	32.700	33.657	142.875	302.019
Agriculture (350):													
BA .....	5.727	5.109	5.467	5.569	5.691	5.838	6.005	6.177	6.354	6.538	6.728	27.674	59.476
OT .....	5.852	5.537	5.334	5.462	5.599	5.783	5.943	6.116	6.287	6.471	6.658	27.715	59.190
Commerce and Housing Credit (370):													
BA .....	0.150	– 0.503	– 0.217	– 0.489	0.595	0.916	1.225	1.280	1.369	1.439	1.521	0.302	7.136
OT .....	0.054	0.147	– 0.314	– 0.564	0.523	0.730	1.042	1.150	1.234	1.333	1.387	0.522	6.668
On-budget:													
BA .....	0.150	– 0.503	– 0.217	– 0.489	0.595	0.916	1.225	1.280	1.369	1.439	1.521	0.302	7.136
OT .....	0.054	0.147	– 0.314	– 0.564	0.523	0.730	1.042	1.150	1.234	1.333	1.387	0.522	6.668

Off-budget:													
BA .....													
OT .....													
Transportation (400):													
BA .....	22.611	22.225	22.140	22.544	23.010	23.554	24.279	25.042	25.828	26.635	27.468	113.473	242.725
OT .....	65.184	66.995	64.772	64.536	65.335	66.443	67.687	69.059	70.519	72.070	73.653	328.081	681.069
Community and Regional Development (450):													
BA .....	11.725	13.909	14.227	14.527	14.849	15.313	15.668	16.043	16.434	16.824	17.218	72.825	155.012
OT .....	16.054	16.016	16.116	15.289	15.145	14.775	15.116	15.491	15.866	16.227	16.614	77.341	156.655
Education, Training, Employment and Social Services (500):													
BA .....	72.875	75.390	74.170	75.775	77.459	79.444	80.873	82.381	83.947	85.515	87.091	382.238	802.045
OT .....	71.958	74.172	73.051	74.414	75.943	77.662	79.647	81.218	82.757	84.313	85.892	375.242	789.069
Health (550):													
BA .....	49.468	48.063	49.093	50.183	51.285	52.591	53.850	55.162	56.522	57.887	59.271	251.215	533.907
OT .....	44.349	47.097	48.243	49.086	50.216	51.105	52.282	53.540	54.849	56.186	57.537	245.747	520.141
Medicare (570):													
BA .....	3.798	3.619	3.687	3.785	3.888	4.009	4.221	4.433	4.662	4.936	5.234	18.988	42.474
OT .....	3.797	3.668	3.723	3.795	3.883	4.000	4.192	4.401	4.629	4.891	5.184	19.069	42.366
Income Security (600):													
BA .....	44.020	44.436	45.235	46.150	46.305	46.540	47.533	48.538	49.589	50.639	51.691	228.666	476.656
OT .....	50.781	50.570	48.947	49.387	49.075	48.944	49.724	50.427	51.286	52.128	52.985	246.923	503.473
Social Security (650):													
BA .....	3.833	4.160	4.226	4.310	4.407	4.519	4.671	4.829	4.991	5.158	5.333	21.622	46.604
OT .....	3.859	4.171	4.225	4.318	4.408	4.515	4.661	4.816	4.980	5.145	5.320	21.637	46.559
On-budget:													
BA .....	0.021	0.024	0.024	0.025	0.026	0.026	0.027	0.028	0.029	0.030	0.031	0.125	0.270
OT .....	0.021	0.023	0.024	0.025	0.026	0.026	0.027	0.028	0.029	0.030	0.031	0.124	0.269
Off-budget:													
BA .....	3.812	4.136	4.202	4.285	4.381	4.493	4.644	4.801	4.962	5.128	5.302	21.497	46.334
OT .....	3.838	4.148	4.201	4.293	4.382	4.489	4.634	4.788	4.951	5.115	5.289	21.513	46.290
Veterans Benefits and Services (700):													
BA .....	26.532	28.162	27.729	28.153	28.610	29.174	30.128	31.102	32.116	33.159	34.234	141.828	302.567
OT .....	26.902	27.922	27.886	28.066	28.515	29.124	29.969	30.924	31.931	32.968	34.036	141.513	301.341
Administration of Justice (750):													
BA .....	36.289	33.314	35.592	36.372	37.247	38.266	39.328	40.482	41.819	43.190	44.612	180.791	390.222
OT .....	35.484	37.693	36.532	36.636	37.212	38.127	39.256	40.398	41.614	42.961	44.373	186.200	394.802
General Government (800):													
BA .....	15.702	17.284	17.642	17.399	17.797	18.252	18.873	19.532	20.188	20.882	21.595	88.374	189.444
OT .....	15.570	16.922	17.865	17.516	17.583	17.910	18.454	19.093	19.737	20.418	21.120	87.796	186.618



HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: DISCRETIONARY SPENDING—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Allowances (920):													
BA .....		– 1.067	.....	.....	.....	.....	.....	.....	.....	.....	.....	– 1.067	– 1.067
OT .....		– 0.614	– 0.292	– 0.093	– 0.036	– 0.015	.....	.....	.....	.....	.....	– 1.050	– 1.050

## HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: MANDATORY SPENDING

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>SUMMARY</b>													
Total Spending:													
BA .....	1,392.759	1,450.009	1,546.965	1,653.104	1,736.974	1,824.560	1,918.726	2,010.292	2,119.242	2,223.699	2,351.655	8,211.612	18,835.226
OT .....	1,338.728	1,401.100	1,495.578	1,592.424	1,677.127	1,763.190	1,856.214	1,947.486	2,057.855	2,153.914	2,284.800	7,929.419	18,229.688
On-budget:													
BA .....	1,028.062	1,067.269	1,154.254	1,249.922	1,321.306	1,395.140	1,472.817	1,546.161	1,636.661	1,718.055	1,819.738	6,187.891	14,381.323
OT .....	976.051	1,020.770	1,105.657	1,192.322	1,264.829	1,337.520	1,414.445	1,487.795	1,580.104	1,653.580	1,758.683	5,921.098	13,815.705
Off-budget:													
BA .....	364.697	382.740	392.711	403.182	415.668	429.420	445.909	464.131	482.581	505.644	531.917	2,023.721	4,453.903
OT .....	362.677	380.330	389.921	400.102	412.298	425.670	441.769	459.691	477.751	500.334	526.117	2,008.321	4,413.983
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	0.357	0.488	0.634	0.678	0.706	0.757	0.779	0.814	0.844	0.851	0.891	3.263	7.442
OT .....	–0.144	0.355	0.555	0.632	0.661	0.704	0.727	0.760	0.786	0.788	0.826	2.907	6.794
International Affairs (150):													
BA .....	–2.901	–3.093	–0.491	0.470	0.429	0.329	0.229	0.115	0.128	0.132	0.155	–2.356	–1.597
OT .....	–6.717	–2.722	–2.798	–2.898	–2.922	–2.931	–3.026	–3.155	–3.181	–3.219	–3.178	–14.271	–30.030
General Science, Space, and Technology (250):													
BA .....	0.106	0.030	0.030	0.030	0.031	0.032	0.032	0.032	0.033	0.034	0.034	0.153	0.318
OT .....	0.099	0.097	0.093	0.063	0.044	0.032	0.031	0.031	0.032	0.032	0.033	0.329	0.488
Energy (270):													
BA .....	–1.163	–1.042	–1.181	–1.204	–1.363	–1.764	–1.863	–1.875	–1.905	–1.923	–1.943	–6.554	–16.063
OT .....	–2.712	–2.686	–2.895	–2.671	–2.794	–3.162	–3.144	–3.138	–3.088	–2.851	–3.004	–14.208	–29.433
Natural Resources and Environment (300):													
BA .....	1.578	2.222	2.665	2.795	2.702	2.584	2.945	3.001	3.064	3.014	2.931	12.968	27.923
OT .....	1.083	1.701	2.071	2.776	2.564	2.408	2.770	2.854	2.952	2.926	2.943	11.520	25.965
Agriculture (350):													
BA .....	18.691	19.083	21.014	20.628	19.876	18.769	18.993	18.116	17.427	16.852	16.427	99.370	187.185
OT .....	17.513	17.826	19.871	19.538	18.831	17.760	18.148	17.410	16.743	16.183	15.755	93.826	178.065
Commerce and Housing Credit (370):													
BA .....	5.062	7.708	8.354	6.162	5.405	4.187	3.774	3.341	3.068	2.830	2.544	31.816	47.373
OT .....	2.227	3.147	3.771	1.051	–0.591	–2.292	–2.835	–3.734	–4.608	–5.278	–5.525	5.086	–16.894
On-budget:													
BA .....	8.662	7.908	8.854	8.640	8.576	7.719	7.549	7.470	7.583	7.603	7.738	41.697	79.640
OT .....	5.827	3.347	4.271	3.529	2.580	1.240	0.940	0.395	–0.093	–0.505	–0.331	14.967	15.373

Off-budget:													
BA .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
OT .....	-3.600	-0.200	-0.500	-2.478	-3.171	-3.532	-3.775	-4.129	-4.515	-4.773	-5.194	-9.881	-32.267
Transportation (400):													
BA .....	41.480	43.205	43.666	44.174	44.716	45.138	45.602	46.042	46.961	47.863	48.815	220.899	456.182
OT .....	2.663	2.230	2.145	2.002	1.929	1.854	1.865	1.856	1.891	1.934	1.987	10.160	19.693
Community and Regional Development (450):													
BA .....	0.526	0.228	0.129	0.120	0.119	0.038	0.034	0.033	0.034	0.034	0.038	0.634	0.807
OT .....	-0.060	-0.093	-0.125	-0.170	-0.227	-0.275	-0.313	-0.345	-0.342	-0.335	-0.326	-0.890	-2.551
Education, Training, Employment and Social Services (500):													
BA .....	13.294	9.358	10.211	10.895	11.191	11.367	11.520	11.554	11.885	12.120	12.445	53.022	112.546
OT .....	9.382	11.534	10.547	10.225	10.474	10.693	10.839	10.952	11.179	11.400	11.710	53.473	109.553
Health (550):													
BA .....	172.410	187.040	199.570	215.279	232.952	251.189	270.303	290.534	314.159	337.504	364.483	1,086.030	2,663.013
OT .....	173.672	188.382	200.115	215.863	233.147	251.532	270.588	290.872	314.550	337.947	364.910	1,089.039	2,667.906
Medicare (570):													
BA .....	244.788	262.919	279.245	318.452	340.768	366.536	392.710	420.556	447.956	484.937	523.352	1,567.920	3,837.431
OT .....	244.637	263.197	282.189	315.222	341.060	366.436	392.493	420.862	451.365	481.173	523.677	1,568.104	3,837.674
Income Security (600):													
BA .....	282.568	271.049	280.686	285.622	290.081	298.208	305.455	311.832	324.783	326.984	339.805	1,425.646	3,034.505
OT .....	283.592	270.550	280.412	284.829	289.233	297.049	304.177	310.720	323.829	326.230	339.366	1,422.073	3,026.395
Social Security (650):													
BA .....	475.049	496.929	517.267	542.481	570.715	601.672	636.566	674.630	715.660	761.153	811.029	2,729.064	6,328.102
OT .....	473.029	494.519	514.477	539.401	567.345	597.922	632.426	670.190	710.830	755.843	805.229	2,713.664	6,288.182
On-budget:													
BA .....	13.234	14.199	15.306	16.426	17.949	19.801	21.955	24.329	28.206	31.420	34.450	83.681	224.041
OT .....	13.234	14.199	15.306	16.426	17.949	19.801	21.955	24.329	28.206	31.420	34.450	83.681	224.041
Off-budget:													
BA .....	461.815	482.730	501.961	526.055	552.766	581.871	614.611	650.301	687.454	729.733	776.579	2,645.383	6,104.061
OT .....	459.795	480.320	499.171	522.975	549.396	578.121	610.471	645.861	682.624	724.423	770.779	2,629.983	6,064.141
Veterans Benefits and Services (700):													
BA .....	31.065	33.405	38.118	35.847	33.738	36.522	36.811	37.120	40.598	36.708	40.284	177.630	369.151
OT .....	30.584	33.197	37.746	35.764	33.559	36.433	36.726	37.014	40.487	36.509	40.162	176.699	367.597
Administration of Justice (750):													
BA .....	2.254	3.999	2.084	1.214	0.719	0.618	0.518	0.409	0.341	0.269	0.196	8.634	10.367
OT .....	2.228	3.205	2.475	1.394	0.650	0.512	0.413	0.305	0.241	0.170	0.098	8.236	9.463
General Government (800):													
BA .....	2.476	2.495	2.396	2.273	2.179	1.537	1.335	1.088	1.154	1.208	1.286	10.880	16.951
OT .....	2.533	2.675	2.361	2.215	2.154	1.674	1.346	1.082	1.137	1.333	1.254	11.079	17.231

HOUSE-PASSED FISCAL YEAR 2004 BUDGET RESOLUTION: MANDATORY SPENDING—Continued

[Dollars in billions]

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>Net Interest (900):</b>													
BA .....	155.632	166.912	205.969	233.138	245.717	253.445	259.512	262.464	265.793	268.782	267.822	1,105.181	2,429.554
OT .....	155.632	166.912	205.969	233.138	245.717	253.445	259.512	262.464	265.793	268.782	267.822	1,105.181	2,429.554
<b>On-budget:</b>													
BA .....	239.741	256.670	303.916	342.042	367.472	389.300	410.519	429.676	450.251	471.470	489.580	1,659.400	3,910.896
OT .....	239.741	256.670	303.916	342.042	367.472	389.300	410.519	429.676	450.251	471.470	489.580	1,659.400	3,910.896
<b>Off-budget:</b>													
BA .....	– 84.109	– 89.758	– 97.947	– 108.904	– 121.755	– 135.855	– 151.007	– 167.212	– 184.458	– 202.688	– 221.758	– 554.219	– 1,481.342
OT .....	– 84.109	– 89.758	– 97.947	– 108.904	– 121.755	– 135.855	– 151.007	– 167.212	– 184.458	– 202.688	– 221.758	– 554.219	– 1,481.342
<b>Allowances (920):</b>													
BA .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Undistributed Offsetting Receipts (950):</b>													
BA .....	– 50.513	– 52.926	– 63.401	– 65.950	– 63.707	– 66.604	– 66.529	– 69.514	– 72.741	– 75.653	– 78.939	– 312.588	– 675.964
OT .....	– 50.513	– 52.926	– 63.401	– 65.950	– 63.707	– 66.604	– 66.529	– 69.514	– 72.741	– 75.653	– 78.939	– 312.588	– 675.964
<b>On-budget:</b>													
BA .....	– 41.104	– 42.894	– 52.598	– 54.459	– 51.535	– 53.540	– 52.609	– 54.685	– 56.841	– 59.025	– 61.229	– 255.026	– 539.415
OT .....	– 41.104	– 42.894	– 52.598	– 54.459	– 51.535	– 53.540	– 52.609	– 54.685	– 56.841	– 59.025	– 61.229	– 255.026	– 539.415
<b>Off-budget:</b>													
BA .....	– 9.409	– 10.032	– 10.803	– 11.491	– 12.172	– 13.064	– 13.920	– 14.829	– 15.900	– 16.628	– 17.710	– 57.562	– 136.549
OT .....	– 9.409	– 10.032	– 10.803	– 11.491	– 12.172	– 13.064	– 13.920	– 14.829	– 15.900	– 16.628	– 17.710	– 57.562	– 136.549

SENATE-PASSED FY 2004 BUDGET RESOLUTION AMENDMENT: AGGREGATE AND FUNCTION LEVELS

[Dollars in billions]

Function	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
<b>050—National Defense:</b>														
BA .....	362.106	395.494	400.658	420.402	440.769	461.400	482.340	489.209	495.079	502.947	510.984	519.393	2,205.569	4,723.181
OT .....	348.555	389.229	401.064	414.536	426.591	439.621	464.315	477.989	487.993	500.478	501.628	514.885	2,146.127	4,629.100
<b>Discretionary:</b>														
BA .....	360.988	395.137	400.058	419.437	439.507	459.729	480.129	486.788	492.526	500.259	508.180	516.432	2,198.860	4,703.045
OT .....	348.511	389.373	400.561	413.682	425.379	437.995	462.157	475.620	485.494	497.848	498.887	511.989	2,139.774	4,609.612
<b>Mandatory:</b>														
BA .....	1.118	0.357	0.600	0.965	1.262	1.671	2.211	2.421	2.553	2.688	2.804	2.961	6.709	20.136
OT .....	0.044	—0.144	0.503	0.854	1.212	1.626	2.158	2.369	2.499	2.630	2.741	2.896	6.353	19.488
<b>150—International Affairs:</b>														
BA .....	25.144	22.506	25.681	29.734	32.308	33.603	34.611	35.413	36.258	37.136	38.005	38.885	155.937	341.634
OT .....	22.357	19.283	24.207	24.917	26.539	28.464	29.604	30.733	31.689	32.565	33.408	34.298	133.730	296.422
<b>Discretionary:</b>														
BA .....	25.208	25.407	28.651	30.034	31.579	32.854	33.845	34.630	35.459	36.322	37.176	38.037	156.963	338.587
OT .....	26.229	26.000	26.775	27.522	29.195	31.084	32.119	33.225	34.179	35.072	35.935	36.778	146.694	321.882
<b>Mandatory:</b>														
BA .....	—0.064	—2.901	—2.970	—0.300	0.729	0.749	0.766	0.783	0.799	0.814	0.829	0.848	—1.026	3.047
OT .....	—3.872	—6.717	—2.568	—2.605	—2.656	—2.620	—2.515	—2.492	—2.490	—2.507	—2.527	—2.480	—12.964	—25.460
<b>250—General Science, Space and Technology:</b>														
BA .....	22.016	23.153	23.603	24.433	25.217	26.055	26.832	27.462	28.121	28.805	29.492	30.185	126.140	270.205
OT .....	20.772	21.556	22.728	23.715	24.420	25.202	25.942	26.639	27.296	27.963	28.639	29.319	122.007	261.863
<b>Discretionary:</b>														
BA .....	21.922	23.047	23.573	24.402	25.186	26.023	26.799	27.429	28.087	28.770	29.456	30.149	125.983	269.874
OT .....	20.715	21.457	22.630	23.620	24.356	25.157	25.909	26.607	27.263	27.929	28.605	29.284	121.672	261.360
<b>Mandatory:</b>														
BA .....	0.094	0.106	0.030	0.031	0.031	0.032	0.033	0.033	0.034	0.035	0.036	0.036	0.157	0.331
OT .....	0.057	0.099	0.098	0.095	0.064	0.045	0.033	0.032	0.033	0.034	0.034	0.035	0.335	0.503
<b>270—Energy:</b>														
BA .....	0.400	2.074	2.634	2.797	2.714	2.540	3.080	3.090	3.194	3.296	3.408	3.520	13.765	30.273
OT .....	0.483	0.439	0.873	0.947	1.272	1.069	1.419	1.686	1.794	1.976	2.357	2.326	5.578	15.718
<b>Discretionary:</b>														
BA .....	3.248	3.237	3.672	3.975	3.914	3.902	4.858	4.975	5.096	5.227	5.357	5.489	20.321	46.465
OT .....	2.974	3.151	3.577	3.869	3.971	3.901	4.647	4.911	5.031	5.157	5.286	5.415	19.963	45.764
<b>Mandatory:</b>														
BA .....	—2.848	—1.163	—1.038	—1.178	—1.200	—1.362	—1.778	—1.885	—1.902	—1.931	—1.949	—1.969	—6.556	—16.192

OT .....	— 2.491	— 2.712	— 2.704	— 2.922	— 2.699	— 2.832	— 3.228	— 3.225	— 3.237	— 3.181	— 2.929	— 3.089	— 14.385	— 30.046
300—Natural Resources and Environment:														
BA .....	30.636	30.816	35.253	32.639	33.261	33.576	34.245	35.370	36.198	36.958	37.592	38.316	168.974	353.408
OT .....	29.459	28.940	31.378	32.325	33.889	34.128	34.119	34.701	35.512	36.267	36.874	37.677	165.840	346.870
Discretionary:														
BA .....	29.124	29.238	32.836	29.802	30.097	30.583	31.319	31.998	32.705	33.448	34.196	34.970	154.637	321.954
OT .....	28.949	27.857	29.489	30.090	30.936	31.392	31.431	31.542	32.199	32.899	33.595	34.342	153.339	317.915
Mandatory:														
BA .....	1.512	1.578	2.417	2.837	3.164	2.993	2.926	3.372	3.493	3.510	3.396	3.346	14.337	31.454
OT .....	0.510	1.083	1.889	2.235	2.954	2.736	2.688	3.159	3.313	3.368	3.279	3.335	12.501	28.955
350—Agriculture:														
BA .....	23.821	24.418	24.457	26.844	26.661	26.141	25.363	25.943	25.407	24.864	24.455	24.185	129.466	254.320
OT .....	22.188	23.365	23.530	25.604	25.426	24.949	24.237	24.979	24.578	24.053	23.660	23.386	123.746	244.402
Discretionary:														
BA .....	5.688	5.727	5.243	5.609	5.734	5.876	6.037	6.208	6.386	6.575	6.767	6.962	28.499	61.397
OT .....	5.306	5.852	5.589	5.533	5.613	5.758	5.958	6.128	6.303	6.487	6.679	6.871	28.451	60.919
Mandatory:														
BA .....	18.133	18.691	19.214	21.235	20.927	20.265	19.326	19.735	19.021	18.289	17.688	17.223	100.967	192.923
OT .....	16.882	17.513	17.941	20.071	19.813	19.191	18.279	18.851	18.275	17.566	16.981	16.515	95.295	183.483
370—Commerce and Housing Credit:														
BA .....	11.262	5.212	7.228	8.155	5.714	5.367	5.123	4.663	4.190	3.783	3.628	3.281	31.587	51.132
OT .....	— 0.385	2.281	3.286	3.462	0.550	— 0.608	— 1.377	— 1.844	— 2.679	— 3.669	— 4.219	— 4.526	5.313	— 11.624
Discretionary:														
BA .....	0.693	0.150	— 0.496	— 0.269	— 0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	0.093	3.254
OT .....	1.230	0.054	0.092	— 0.393	— 0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	0.184	2.732
Mandatory:														
BA .....	10.569	5.062	7.724	8.424	6.268	4.833	4.245	3.896	3.529	3.249	3.003	2.707	31.494	47.878
OT .....	— 1.615	2.227	3.194	3.855	1.200	— 1.057	— 2.063	— 2.477	— 3.228	— 4.083	— 4.721	— 4.976	5.129	— 14.356
370 on-budget:														
BA .....	8.191	8.812	7.428	8.655	8.192	8.538	8.655	8.438	8.319	8.298	8.401	8.475	41.468	83.399
OT .....	0.266	5.881	3.486	3.962	3.028	2.563	2.155	1.931	1.450	0.846	0.554	0.668	15.194	20.643
Discretionary:														
BA .....	0.693	0.150	— 0.496	— 0.269	— 0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	0.093	3.254
OT .....	1.230	0.054	0.092	— 0.393	— 0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	0.184	2.732
Mandatory:														
BA .....	7.498	8.662	7.924	8.924	8.746	8.004	7.777	7.671	7.658	7.764	7.776	7.901	41.375	80.145
OT .....	— 0.964	5.827	3.394	4.355	3.678	2.114	1.469	1.298	0.901	0.432	0.052	0.218	15.010	17.911
400—Transportation:														
BA .....	68.887	64.091	75.783	76.502	77.515	79.931	82.747	85.361	72.323	73.183	74.067	74.987	392.478	772.399
OT .....	61.862	67.847	71.555	71.581	73.035	74.938	77.285	79.865	79.035	75.687	74.864	75.124	368.394	752.969

SENATE—PASSED FY 2004 BUDGET RESOLUTION AMENDMENT: AGGREGATE AND FUNCTION LEVELS—Continued

[Dollars in billions]

Function	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Discretionary:														
BA .....	23.820	22.611	25.715	25.040	24.857	25.840	26.936	28.756	26.221	27.040	27.875	28.739	128.388	267.019
OT .....	57.292	65.184	69.294	69.396	70.986	72.954	75.358	77.909	77.068	73.685	72.816	73.023	357.988	732.489
Mandatory:														
BA .....	45.067	41.480	50.068	51.462	52.658	54.091	55.811	56.605	46.102	46.143	46.192	46.248	264.090	505.380
OT .....	4.570	2.663	2.261	2.185	2.049	1.984	1.927	1.956	1.967	2.002	2.048	2.101	10.406	20.480
450—Community and Regional Development:														
BA .....	23.361	15.751	14.323	14.398	14.581	14.796	15.005	15.240	15.493	15.752	16.015	16.283	73.103	151.886
OT .....	12.991	17.569	16.716	16.696	15.553	15.096	14.383	14.558	14.761	15.010	15.252	15.519	78.444	153.543
Discretionary:														
BA .....	23.051	15.225	13.826	13.999	14.188	14.401	14.688	14.921	15.168	15.425	15.686	15.950	71.102	148.252
OT .....	14.108	17.629	16.787	16.517	15.474	15.059	14.390	14.602	14.835	15.079	15.313	15.569	78.227	153.624
Mandatory:														
BA .....	0.310	0.526	0.497	0.399	0.393	0.395	0.317	0.319	0.325	0.327	0.329	0.333	2.001	3.634
OT .....	–1.117	–0.060	–0.071	0.179	0.079	0.037	–0.007	–0.044	–0.074	–0.069	–0.061	–0.050	0.217	–0.081
500—Education, Training, Employment, and Social Services:														
BA .....	79.861	82.974	97.610	91.777	92.818	95.959	99.315	102.203	104.059	106.160	108.544	110.143	477.479	1,008.588
OT .....	70.544	81.531	86.279	91.286	91.964	92.948	95.279	98.470	101.281	103.536	105.570	107.642	457.757	974.256
Discretionary:														
BA .....	71.275	72.875	86.322	81.280	81.575	84.353	87.416	90.037	91.731	93.495	95.632	96.904	420.946	888.745
OT .....	62.751	71.958	75.843	81.012	81.317	82.028	84.040	87.013	89.584	91.609	93.411	95.171	404.241	861.029
Mandatory:														
BA .....	8.586	10.099	11.288	10.497	11.243	11.606	11.899	12.166	12.328	12.665	12.912	13.239	56.533	119.843
OT .....	7.793	9.573	10.436	10.274	10.647	10.920	11.239	11.457	11.697	11.927	12.159	12.471	53.516	113.227
550—Health:														
BA .....	205.120	222.913	248.464	264.948	284.216	304.438	326.942	350.373	375.419	401.552	415.777	445.554	1,429.008	3,417.683
OT .....	196.521	217.881	246.671	264.680	284.024	303.522	325.618	348.889	373.890	400.014	414.359	444.147	1,424.514	3,405.813
Discretionary:														
BA .....	45.789	49.468	52.712	50.667	51.800	52.950	54.299	55.607	56.972	58.387	59.806	61.246	262.428	554.446
OT .....	39.426	44.349	50.799	49.394	50.423	51.637	52.576	53.801	55.102	56.460	57.851	59.252	254.828	537.294
Mandatory:														
BA .....	159.331	173.445	195.752	214.281	232.416	251.488	272.643	294.766	318.447	343.165	355.971	384.308	1,166.580	2,863.237
OT .....	157.095	173.532	195.872	215.286	233.601	251.885	273.042	295.088	318.788	343.554	356.508	384.895	1,169.686	2,868.519
570—Medicare:														
BA .....	231.399	248.586	265.178	282.869	322.045	344.178	369.577	395.685	422.684	453.721	488.367	526.981	1,583.847	3,871.285

OT .....	230.855	248.434	265.443	285.817	318.806	344.448	369.452	395.424	422.942	457.078	484.541	527.237	1,583.966	3,871.188
Discretionary:														
BA .....	3.653	3.798	3.739	3.807	3.906	4.014	4.138	4.353	4.572	4.809	5.089	5.396	19.604	43.823
OT .....	3.156	3.797	3.726	3.811	3.897	3.992	4.113	4.309	4.524	4.757	5.027	5.327	19.539	43.483
Mandatory:														
BA .....	227.746	244.788	261.439	279.062	318.139	340.164	365.439	391.332	418.112	448.912	483.278	521.585	1,564.243	3,827.462
OT .....	227.699	244.637	261.717	282.006	314.909	340.456	365.339	391.115	418.418	452.321	479.514	521.910	1,564.427	3,827.705
600—Income Security:														
BA .....	309.367	326.390	319.513	333.810	341.805	349.191	362.006	373.681	385.152	400.573	404.045	418.978	1,706.325	3,688.754
OT .....	312.511	334.169	324.701	337.157	344.322	350.983	363.115	374.384	385.671	401.003	404.453	419.551	1,720.278	3,705.341
Discretionary:														
BA .....	42.379	44.020	45.712	48.760	50.311	52.004	53.714	55.441	57.295	59.143	61.023	62.884	250.501	546.287
OT .....	48.081	50.781	51.544	52.373	53.424	54.643	56.116	57.505	58.954	60.560	62.215	63.908	268.100	571.243
Mandatory:														
BA .....	266.988	282.370	273.801	285.050	291.494	297.187	308.292	318.240	327.857	341.430	343.022	356.094	1,455.824	3,142.467
OT .....	264.430	283.388	273.157	284.784	290.898	296.340	306.999	316.879	326.717	340.443	342.238	355.643	1,452.178	3,134.098
650—Social Security:														
BA .....	462.363	478.882	501.140	521.499	546.735	575.008	606.071	641.105	679.322	720.505	766.154	816.195	2,750.453	6,373.734
OT .....	455.999	476.888	498.679	518.672	543.640	571.621	602.300	636.939	674.852	715.645	760.812	810.363	2,734.912	6,333.523
Discretionary:														
BA .....	3.523	3.833	4.282	4.363	4.450	4.549	4.665	4.820	4.983	5.151	5.323	5.503	22.309	48.089
OT .....	3.925	3.859	4.231	4.326	4.435	4.532	4.644	4.794	4.953	5.121	5.291	5.471	22.168	47.798
Mandatory:														
BA .....	458.840	475.049	496.858	517.136	542.285	570.459	601.406	636.285	674.339	715.354	760.831	810.692	2,728.144	6,325.645
OT .....	452.074	473.029	494.448	514.346	539.205	567.089	597.656	632.145	669.899	710.524	755.521	804.892	2,712.744	6,285.725
650 on-budget:														
BA .....	13.997	13.255	14.294	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	83.809	223.776
OT .....	13.988	13.255	14.293	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	83.808	223.775
Discretionary:														
BA .....	0.019	0.021	0.025	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.130	0.280
OT .....	0.019	0.021	0.024	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.129	0.279
Mandatory:														
BA .....	13.978	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	83.679	223.496
OT .....	13.969	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	83.679	223.496
700—Veterans Benefits and Services:														
BA .....	52.126	57.597	63.773	67.125	65.388	63.859	67.645	69.254	70.967	75.643	72.592	77.429	327.790	693.675
OT .....	50.983	57.486	63.200	66.530	64.970	63.416	67.374	68.899	70.563	75.223	72.071	76.963	325.490	689.209
Discretionary:														
BA .....	24.074	26.532	29.957	28.386	28.812	29.272	29.838	30.796	31.789	32.824	33.887	35.000	146.265	310.561
OT .....	23.959	26.902	29.600	28.183	28.495	29.024	29.662	30.530	31.497	32.521	33.576	34.663	144.964	307.751



SENATE—PASSED FY 2004 BUDGET RESOLUTION AMENDMENT: AGGREGATE AND FUNCTION LEVELS—Continued

[Dollars in billions]

Function	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>Mandatory:</b>														
BA .....	28.052	31.065	33.816	38.739	36.576	34.587	37.807	38.458	39.178	42.819	38.705	42.429	181.525	383.114
OT .....	27.024	30.584	33.600	38.347	36.475	34.392	37.712	38.369	39.066	42.702	38.495	42.300	180.526	381.458
<b>750—Administration of Justice:</b>														
BA .....	36.171	38.543	37.757	38.077	37.965	38.442	39.458	40.478	41.580	42.870	44.188	45.557	191.699	406.372
OT .....	34.310	37.712	40.882	39.324	38.348	38.233	39.109	40.193	41.280	42.453	43.741	45.101	195.896	408.664
<b>Discretionary:</b>														
BA .....	34.676	36.289	33.679	35.912	36.664	37.621	38.694	39.771	40.931	42.288	43.674	45.117	182.570	394.351
OT .....	33.153	35.484	37.608	36.761	36.862	37.483	38.455	39.596	40.741	41.977	43.331	44.764	187.169	397.578
<b>Mandatory:</b>														
BA .....	1.495	2.254	4.078	2.165	1.301	0.821	0.764	0.707	0.649	0.582	0.514	0.440	9.129	12.021
OT .....	1.157	2.228	3.274	2.563	1.486	0.750	0.654	0.597	0.539	0.476	0.410	0.337	8.727	11.086
<b>800—General Government:</b>														
BA .....	18.384	18.195	20.012	20.341	22.396	21.147	21.646	21.957	22.706	23.469	24.267	25.138	105.542	223.079
OT .....	17.380	18.120	19.876	20.420	22.225	20.897	21.423	21.515	22.223	22.957	23.892	24.582	104.841	220.010
<b>Discretionary:</b>														
BA .....	15.602	15.702	17.102	17.364	17.760	18.181	18.669	19.303	19.977	20.656	21.360	22.094	89.076	192.466
OT .....	14.640	15.570	16.783	17.479	17.648	17.956	18.306	18.849	19.500	20.161	20.853	21.571	88.172	189.106
<b>Mandatory:</b>														
BA .....	2.782	2.493	2.910	2.977	4.636	2.966	2.977	2.654	2.729	2.813	2.907	3.044	16.466	30.613
OT .....	2.740	2.550	3.093	2.941	4.577	2.941	3.117	2.666	2.723	2.796	3.039	3.011	16.669	30.904
<b>900—Net Interest:</b>														
BA .....	170.955	155.592	166.095	203.823	230.541	243.499	252.354	259.782	263.974	267.195	267.392	261.100	1,096.312	2,415.755
OT .....	170.957	155.592	166.095	203.823	230.541	243.499	252.354	259.782	263.974	267.195	267.392	261.100	1,096.312	2,415.755
<b>Discretionary:</b>														
BA .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OT .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Mandatory:</b>														
BA .....	170.955	155.592	166.095	203.823	230.541	243.499	252.354	259.782	263.974	267.195	267.392	261.100	1,096.312	2,415.755
OT .....	170.957	155.592	166.095	203.823	230.541	243.499	252.354	259.782	263.974	267.195	267.392	261.100	1,096.312	2,415.755
<b>900 on-budget:</b>														
BA .....	247.775	239.682	255.775	301.673	339.281	364.919	387.674	410.022	430.164	450.345	468.452	480.870	1,649.322	3,889.175
OT .....	247.777	239.682	255.775	301.673	339.281	364.919	387.674	410.022	430.164	450.345	468.452	480.870	1,649.322	3,889.175
<b>Discretionary:</b>														
BA .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

OT .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory:														
BA .....	247.775	239.682	255.775	301.673	339.281	364.919	387.674	410.022	430.164	450.345	468.452	480.870	1,649.322	3,889.175
OT .....	247.777	239.682	255.775	301.673	339.281	364.919	387.674	410.022	430.164	450.345	468.452	480.870	1,649.322	3,889.175
920—Allowances:														
BA .....	0.000	0.115	— 16.122	— 5.943	— 2.104	— 1.467	— 6.263	— 19.939	— 41.290	— 19.883	— 23.031	— 27.371	— 31.899	— 163.413
OT .....	0.000	0.115	— 8.342	— 6.134	— 5.959	— 3.698	— 7.163	— 17.617	— 38.356	— 16.729	— 19.546	— 24.228	— 31.297	— 147.771
Discretionary:														
BA .....	0.000	0.115	— 15.202	— 5.623	— 1.784	— 1.147	— 5.943	— 19.619	— 40.970	— 19.563	— 22.711	— 27.051	— 29.699	— 159.613
OT .....	0.000	0.115	— 7.763	— 5.685	— 5.657	— 3.381	— 6.843	— 17.297	— 38.036	— 16.409	— 19.226	— 23.908	— 29.330	— 144.204
Mandatory:														
BA .....	0.000	0.000	— 0.920	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 2.200	— 3.800
OT .....	0.000	0.000	— 0.579	— 0.449	— 0.302	— 0.317	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 0.320	— 1.967	— 3.567
950—Undistributed Offsetting Receipts:														
BA .....	— 47.806	— 50.513	— 52.926	— 63.411	— 69.375	— 61.259	— 65.185	— 66.882	— 69.937	— 73.259	— 78.640	— 82.068	— 312.156	— 682.942
OT .....	— 47.392	— 50.513	— 52.926	— 63.411	— 69.375	— 61.259	— 65.185	— 66.882	— 69.937	— 73.259	— 78.640	— 82.068	— 312.156	— 682.942
Discretionary:														
BA .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OT .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory:														
BA .....	— 47.806	— 50.513	— 52.926	— 63.411	— 69.375	— 61.259	— 65.185	— 66.882	— 69.937	— 73.259	— 78.640	— 82.068	— 312.156	— 682.942
OT .....	— 47.392	— 50.513	— 52.926	— 63.411	— 69.375	— 61.259	— 65.185	— 66.882	— 69.937	— 73.259	— 78.640	— 82.068	— 312.156	— 682.942
950 on-budget:														
BA .....	— 38.514	— 41.104	— 42.894	— 52.608	— 57.884	— 49.087	— 52.121	— 52.962	— 55.108	— 57.359	— 62.012	— 64.358	— 254.594	— 546.393
OT .....	— 38.514	— 41.104	— 42.894	— 52.608	— 57.884	— 49.087	— 52.121	— 52.962	— 55.108	— 57.359	— 62.012	— 64.358	— 254.594	— 546.393
Discretionary:														
BA .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OT .....	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory:														
BA .....	— 38.514	— 41.104	— 42.894	— 52.608	— 57.884	— 49.087	— 52.121	— 52.962	— 55.108	— 57.359	— 62.012	— 64.358	— 254.594	— 546.393
OT .....	— 38.514	— 41.104	— 42.894	— 52.608	— 57.884	— 49.087	— 52.121	— 52.962	— 55.108	— 57.359	— 62.012	— 64.358	— 254.594	— 546.393
Total:														
BA .....	2,085.573	2,162.789	2,260.114	2,390.819	2,531.170	2,656.404	2,782.913	2,889.448	2,970.900	3,125.270	3,227.301	3,366.670	12,621.420	28,201.009
OT .....	2,010.950	2,147.924	2,245.894	2,371.946	2,490.782	2,607.468	2,733.603	2,849.302	2,948.361	3,105.447	3,191.109	3,338.397	12,449.692	27,882.308
Discretionary:														
BA .....	734.713	772.411	791.381	816.945	848.002	881.539	910.979	916.981	909.590	950.790	968.401	984.394	4,248.847	8,979.003
OT .....	734.405	809.372	837.164	857.489	876.104	901.663	933.724	950.277	949.739	991.328	999.948	1,019.939	4,406.144	9,317.374
Mandatory:														
BA .....	1,350.860	1,390.378	1,468.733	1,573.874	1,683.168	1,774.865	1,871.933	1,972.467	2,061.310	2,174.480	2,258.900	2,382.276	8,372.573	19,222.006
OT .....	1,276.545	1,338.552	1,408.730	1,514.457	1,614.678	1,705.805	1,799.879	1,899.025	1,998.622	2,114.119	2,191.161	2,318.458	8,043.549	18,564.934

SENATE—PASSED FY 2004 BUDGET RESOLUTION AMENDMENT: AGGREGATE AND FUNCTION LEVELS—Continued

[Dollars in billions]

Function	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
Total on-budget:														
BA .....	1,720.248	1,794.261	1,873.180	1,993.944	2,123.565	2,236.078	2,348.462	2,438.088	2,501.009	2,636.500	2,714.965	2,827.496	10,575.229	23,693.287
OT .....	1,655.288	1,781.390	1,861.420	1,977.898	2,086.272	2,190.529	2,302.923	2,402.108	2,482.940	2,621.537	2,684.115	2,805.055	10,419.041	23,414.796
Discretionary:														
BA .....	731.209	768.599	787.124	812.607	843.578	877.017	906.341	912.189	904.636	945.669	963.109	978.923	4,226.668	8,931.194
OT .....	730.499	805.534	832.957	853.188	871.695	897.158	929.107	945.511	944.815	986.237	994.688	1,014.500	4,384.105	9,269.855
Mandatory:														
BA .....	989.039	1,025.662	1,086.056	1,181.337	1,279.987	1,359.061	1,442.120	1,525.899	1,596.373	1,690.831	1,751.856	1,848.573	6,348.561	14,762.093
OT .....	924.789	975.856	1,028.463	1,124.710	1,214.577	1,293.371	1,373.816	1,456.597	1,538.125	1,635.300	1,689.427	1,790.555	6,034.937	14,144.941
Revenues .....	1,853.173	1,865.468	1,958.615	2,153.829	2,321.376	2,479.341	2,619.660	2,762.435	2,897.122	3,102.068	3,292.730	3,497.075	11,532.821	27,084.251
Revenues on-budget .....	1,337.852	1,333.861	1,400.789	1,566.044	1,702.314	1,828.213	1,935.251	2,043.323	2,141.398	2,309.946	2,463.192	2,627.425	8,432.611	20,017.895
Deficit/Surplus	–157.777	–282.456	–287.279	–218.117	–169.406	–128.127	–113.943	–86.867	–51.239	–3.379	101.621	158.678	–916.871	–798.057
On-budget	–317.436	–447.529	–460.631	–411.854	–383.958	–362.316	–367.672	–358.785	–341.542	–311.591	–220.923	–177.630	–1,986.430	–3,396.901
Off-budget	159.659	165.073	173.352	193.737	214.552	234.189	253.729	271.918	290.303	308.212	322.544	336.308	1,069.559	2,598.844
Notes and Miscellaneous Info:														
Revenues:														
On-budget	1,337.852	1,333.861	1,400.789	1,566.044	1,702.314	1,828.213	1,935.251	2,043.323	2,141.398	2,309.946	2,463.192	2,627.425	8,432.611	20,017.895
Off-budget	515.321	531.607	557.826	587.785	619.062	651.128	684.409	719.112	755.724	792.122	829.538	869.650	3,100.210	7,066.356
Outlays:														
On-budget:														
BA .....	1,720.248	1,794.261	1,873.180	1,993.944	2,123.565	2,236.078	2,348.462	2,438.088	2,501.009	2,636.500	2,714.965	2,827.496	10,575.229	23,693.287
OT .....	1,655.288	1,781.390	1,861.420	1,977.898	2,086.272	2,190.529	2,302.923	2,402.108	2,482.940	2,621.537	2,684.115	2,805.055	10,419.041	23,414.796
Off-budget:														
BA .....	365.325	368.528	386.934	396.875	407.605	420.326	434.451	451.360	469.891	488.770	512.336	539.174	2,046.191	4,507.722
OT .....	355.662	366.534	384.474	394.048	404.510	416.939	430.680	447.194	465.421	483.910	506.994	533.342	2,030.651	4,467.512

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## **FUNCTIONS AND REVENUES**

Pursuant to section 301(a)(3) of the Budget Act, the budget resolution must set appropriate levels for each major functional category based on the 302(a) allocations and the budgetary totals.

The respective levels of the House resolution, the Senate amendment, and the Conference Agreement for each major budget function and revenue totals are discussed in the following section. The Conference Agreement provides aggregate discretionary spending in 2004 of \$784.460 billion in budget authority (BA) and \$860.752 billion in outlays.

These two aggregate numbers are allocated to the Appropriations Committees to be suballocated to their 13 individual appropriation subcommittees.

### **REVENUE**

The component of the budget resolution classified as revenue reflects all of the Federal Government's various tax receipts that are classified as "on-budget." This includes individual income taxes; corporate income taxes; excise taxes, such as the gasoline tax; various other taxes, such as estate and gift taxes; and social insurance taxes, except for Social Security. Customs duties, tariffs, and other miscellaneous receipts also are included in the revenue function.

Social insurance taxes collected for the Social Security system – the Old Age and Survivors and Disability Insurance [OASDI] payroll tax – are off budget. The remaining social insurance taxes (the Hospital Insurance [HI] payroll tax portion of Medicare, the Federal Unemployment Tax Act [FUTA] payroll tax, railroad retirement, and other retirement systems) are all on budget. Pursuant to the Congressional Budget Act of 1974 and the Budget Enforcement Act of 1990, Social Security payroll taxes, which constitute slightly more than a quarter of all Federal receipts, are not reflected in the budget resolution.

#### ***House Resolution***

The House resolution calls for on-budget revenue of \$1.32 trillion in fiscal year 2003; \$1.35 trillion in 2004; \$8.23 trillion from 2004 through 2008; and \$19.48 trillion from 2004 through 2013. When off-budget Social Security taxes are added, total revenue is estimated to be \$1.86 trillion in fiscal year 2003, \$1.91 trillion in 2004, \$11.33 trillion over the next 5 years, and \$26.55 trillion over the next 10 years.

The resolution directs the Committee on Ways and Means to report legislation to the House floor by 11 April 2003, making adjustments in current law to effect a reduction in revenue of \$35.4 billion in 2003; \$112.8 billion in 2004; \$387.7 billion from 2004 through 2008; and \$698.3 billion in 2003-2013. This "reconciles" an economic growth and job creation plan similar to the President's

under the expedited reconciliation rules of the Budget Act. (Also reconciled to the Ways and Means Committee is \$27.5 billion in new mandatory spending authority to cover the refundable component of an accelerated increase in the child tax credit.)

The resolution also assumes the permanent extension of the expiring tax cuts in the Economic Growth and Tax Relief Reconciliation Act of 2001 that otherwise will expire in 2010. This will reduce revenue over 11 years by \$601.9 billion below the baseline. This adjustment is not reconciled.

Finally, the budget accommodates, but does not reconcile, \$49.9 billion in additional tax relief over the next 11 years. Policies would be determined by the Committee on Ways and Means, but could include incentives for charitable giving, affordable single-family housing, and energy production, conservation, and reliability; simplifying the tax laws; and other House policies. Tariff and other revenue effects of various trade initiatives are also possible.

### ***Senate Amendment***

The Senate amendment assumes an overall reduction in revenues of \$802.2 billion over the 11-year period, 2003-13. The Senate amendment instructs the Finance Committee to report legislation by 8 April 2003 to reduce revenues by \$322.5 billion over 2003-2013 and to increase direct spending related to tax policy changes by \$27.5 billion over 2003-13 (reflected in Function 600). The Senate amendment assumes, but does not reconcile, an additional \$479.6 billion in tax relief over 11 years with a related, but unreconciled, increase in direct spending (related to tax policy changes) of \$22.3 billion over 11 years (reflected in Function 600).

The Committee-reported resolution reconciled the Finance Committee for a reduction in revenues and an increase in outlays consistent with President Bush's jobs and growth tax relief plan. The President's plan provides tax relief of \$698 billion over the 2003-13 period. It includes three main components: tax relief for working families (by speeding up individual income tax marginal rate reductions already in law, accelerating marriage penalty relief already in law, increasing the child credit immediately to \$1,000, and increasing the alternative minimum tax exemption amount); elimination of the double taxation of dividends; and a permanent increase in small business expensing. Since the child credit is partially refundable, the Committee-reported resolution assumed outlay increases sufficient to accommodate the President's growth plan – \$27.5 billion in new spending over the next 11 years.

During consideration of the Committee-reported resolution, the Senate adopted several amendments that had the combined effect of reducing the revenue reconciliation instruction to the Finance Committee to \$322.5 billion over 11 years.

The Committee-reported resolution assumed, but did not reconcile, the

permanent extension of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 [EGTRRA], which are currently scheduled to expire after 2010. The 11-year tax relief assumption for the EGTRRA extensions is \$601.9 billion, with \$592.6 billion of the revenue loss (98 percent) occurring in years 2011-13. The permanent extension of the EGTRRA provisions also results in an increase in direct spending of \$22.3 billion over 11 years. The Committee-reported resolution also assumed, but did not reconcile, about \$13 billion in tax relief over 11 years from several measures expected to be considered in the upcoming year.

During the Senate's consideration of the Committee-reported resolution, the Senate adopted eight amendments affecting the amount of tax relief assumed outside of reconciliation. The Senate adopted one amendment providing for \$45 billion in additional tax relief consistent with making the repeal of the estate tax permanent beginning in 2009. The Senate also adopted seven amendments that reduced the level of tax relief assumed outside of reconciliation by \$181 billion. The Committee-reported resolution assumed \$614.7 billion of tax relief outside of reconciliation; the Senate amendment assumes \$478.7 billion of tax relief outside of reconciliation.

### ***Conference Agreement***

The Conference Agreement calls for a jobs and growth plan with goals similar to the President's proposal: supporting broad, sustained economic growth and job creation.

With these goals, the Conference Agreement assumes \$626 billion over the 2003-13 period for tax relief and associated outlays for a jobs and growth plan. The Agreement directs the Senate Finance Committee to report legislation by 8 May 2003 to reduce revenue by \$522.524 billion over 2003-2013, and to increase direct spending related to tax policy changes by \$27.476 billion over 2003-2013 (reflected in function 600). The Agreement also directs the House Ways and Means Committee to report legislation by 30 May 2003 to reduce revenue by \$535.0 billion over 2003-13, and to increase direct spending related to tax policy changes by \$15.0 billion over 2003-2013.

The Conference Agreement assumes, but does not reconcile, an additional \$690.9 billion in tax relief over 11 years, and associated increases in direct spending. The assumed additional tax relief could accommodate the permanent extension of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 [EGTRRA], the tax provisions of energy policy legislation, the revenue impacts of trade legislation, and several miscellaneous tax provisions proposed by the President or Congress.

## **NATIONAL DEFENSE: FUNCTION 050**

### ***Function Summary***

The National Defense function includes funds to develop, maintain, and equip the military forces of the United States. More than 95 percent of the funding in this function goes to Department of Defense [DOD] military activities. The function also includes pay and benefits for military and civilian personnel; research, development, testing, and evaluation; procurement of weapon systems; military construction and family housing; and operations and maintenance of the defense establishment. The remaining funding in the function is for atomic energy defense activities of the Department of Energy, and other defense-related activities.

### ***House Resolution***

The House resolution calls for \$400.6 billion in BA and \$400.9 billion in outlays in fiscal year 2004, an increase of 2.0 percent in BA compared with fiscal year 2003. The function totals are \$2,202.1 billion in BA and \$2,142.7 billion in outlays over 5 years; and \$4,814.0 billion in BA and \$4,704.4 billion in outlays over 10 years.

The BA and outlay funding levels for National Defense will support critical military and homeland security initiatives, and are consistent with the President's recommendations. The resolution assumes \$70 million in additional mandatory BA to permit proceeds from facilities that were acquired, constructed, or improved with commissary surcharges or nonappropriated funds, and that were closed under Base Realignment and Closure authority, to be reapplied to nonappropriated fund activities without an appropriation.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes the President's request for National Defense in 2004 totalling \$400.1 billion in BA and \$400.6 billion in outlays for 2004. This is an increase of \$7.9 billion in BA (2.0 percent) and \$14.2 billion in outlays (3.7 percent) from the 2003 level.

For 2003, the Committee-reported resolution assumed the full-year appropriations already enacted. An amendment to the resolution adopted by the Senate assumed an increase of \$3.0 billion in BA and outlays in 2003 to provide pay and benefits for active duty, National Guard and Reserve forces, and to modernize National Guard and Reserve equipment and weapons.

For defense activities in the Department of Defense only, the Senate amendment assumes \$380.8 billion in discretionary BA in 2004, an increase of \$6.2 billion (1.6 percent) above the 2003 level of \$374.6 billion.

Within DOD, the Senate amendment assumes \$231.9 billion in discretionary BA for readiness accounts (military personnel and operations and maintenance) in 2004. This represents an increase of \$2.4 billion in BA (1.0 percent) above the 2003 level of \$229.5 billion. These appropriations would support an active duty end strength of 1,388,100 and a Selected Reserves strength of 863,000. It would also support pay raises ranging from 2.0 percent to 6.3 percent, targeted by rank and years of service.

The Senate amendment also assumes \$136.2 billion for investment accounts (procurement and research, development, testing, and evaluation) in 2004. This represents an increase of \$4.8 billion in BA (3.9 percent) above the 2003 appropriated level of \$131.4 billion. Major purchases include a Virginia Class submarine, 3 DDG-51 destroyers, 42 F/A-18E/F fighter aircraft, and 22 F-22 fighter aircraft.

For military construction and family housing, the Senate amendment assumes \$9.1 billion in discretionary budget authority for 2004 representing a 13.8-percent decrease from the 2003 level of \$10.5 billion.

During floor consideration, the Senate adopted an amendment that would allow the Appropriations Committee to provide up to \$100 billion for the costs associated with disarming Iraq.

For defense activities in the Department of Energy, the Senate amendment assumes \$16.9 billion in discretionary BA in 2004, representing an increase of \$1.1 billion (6.9 percent) above the 2003 enacted level of \$15.8 billion.

The Senate amendment assumes \$8.8 billion in discretionary BA for the National Nuclear Security Administration in 2004, representing an increase of \$796 million (10.0 percent) above the 2003 enacted level of \$8.0 billion.

The Senate amendment assumes \$7.7 billion in discretionary BA for the Department of Energy's environmental and other defense activities in 2004, representing an increase of \$185 million (2.5 percent) above the 2003 enacted level of \$7.6 billion.

The Senate-reported resolution assumed no mandatory increases or decreases in this function. Of note, the Senate-reported amendment assumed full funding for the so-called the Purple Heart Plus program, which was included in last year's Defense Authorization Act. The provision allows all disabled military retirees whose disabilities are a direct result of combat, and those most severely disabled (60 percent or greater) military retirees whose disabilities are a direct result of combat-related injury, to receive their full military retirement pay as well as a special compensation equal to the amount of veterans' disability compensation without offset. The Senate amendment reflects an amendment to the Committee-reported resolution adopted by the Senate to cover the incremental mandatory cost of phased-in concurrent receipt of retirement pay and disability for all veterans with service-related disabilities rated at 60 percent or higher (\$182



million in BA and outlays in 2004, and \$12.8 billion in BA and outlays over the 2004-13 period).

### ***Conference Agreement***

The Conference Agreement assumes enactment of the fiscal year 2003 supplemental appropriations bill for addressing the conflict in Iraq. The provision allows an adjustment for the finally enacted level.

The Agreement calls for function totals of \$400.5 billion in BA and \$400.9 billion in outlays for fiscal year 2004; \$2,202.1 billion in BA and \$2,142.7 billion in outlays over 5 years; and \$4,758.2 billion in BA and \$4,658.3 billion in outlays over 10 years.

The discretionary levels in this function are consistent with the President's request. The levels will support military forces capable of prevailing decisively in the near term, and accommodate the military's longer-term transformation goals.

## **INTERNATIONAL AFFAIRS: FUNCTION 150**

### ***Function Summary***

As part of the Global War on Terrorism, the Department of State and international assistance programs play a vital role in maintaining and expanding support of the international coalition against terrorism. Funds distributed through the International Affairs function provide for international development and humanitarian assistance; international security assistance; the conduct of foreign affairs; foreign information and exchange activities; and international financial programs. The major departments and agencies in this function include the Department of State, the Department of the Treasury, and the United States Agency for International Development [USAID].

### ***House Resolution***

The budget resolution calls for \$24.8 billion in BA and \$23.7 billion in outlays in fiscal year 2004, an increase of 9.8 percent in BA compared with fiscal year 2003. The function totals are \$149.9 billion in BA and \$128.9 billion in outlays over 5 years, and \$326.6 billion in BA and \$283.5 billion in outlays over 10 years.

The House resolution calls for \$2 billion as the first installment toward the President's Emergency Plan for AIDS Relief, a 5-year, \$15-billion initiative to turn the tide in the global effort to combat the HIV/AIDS pandemic. This initiative – funded through USAID, the Department of Health and Human Services, and the Centers for Disease Control – virtually triples U.S. funding to fight the international AIDS pandemic. The resolution also recommends funds sufficient for the President's proposal to create a new Government corporation – the Millennium Challenge Corporation – to administer a \$1.3 billion fund designed to promote just governance and sound free-market economic policies in International Development Association-eligible countries (with yearly per-capita incomes below \$1,435).

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes the President's request for 2004 totaling \$28.7 billion in BA and \$26.8 billion in outlays. This represents an increase of \$3.2 billion in BA (12.8 percent) and \$0.8 billion in outlays (3.0 percent) from the 2003 level.

The Senate amendment assumes \$12.5 billion in discretionary BA for International Development and Humanitarian Assistance, an increase of \$2.1 billion (20.1 percent) above the 2003 appropriated level of \$10.4 billion. Within

International Development and Humanitarian Assistance, the Senate amendment assumes a new development assistance organization, called the Millennium Challenge Corporation, with an initial funding level of \$1.3 billion for 2004 and \$14.3 billion over 2004-13. The Senate amendment also assumes a new Global AIDS Initiative (\$450 million in 2004 and \$22.3 billion over 10 years), and a new fund for dealing with famine (\$200 million in 2004, and \$2.2 billion over 10 years).

The Senate amendment assumes \$7.6 billion in discretionary BA for International Security Assistance, an increase of \$0.9 billion (13.2 percent) above the 2003 appropriated level of \$6.7 billion. Within International Security Assistance, the Senate amendment assumes the creation of a new fund to deal with Complex Foreign Crises, with initial funding of \$100 million for 2004.

The Senate amendment assumes \$7.5 billion in discretionary BA for the Conduct of Foreign Affairs, an increase of \$636 million (9.2 percent) above the 2003 appropriated level of \$6.9 billion. The Senate amendment also assumes \$983 million in discretionary BA for Foreign Information and Exchange Activities, an increase of \$152 million (18.3 percent) above the 2003 appropriated level of \$831 million.

The Senate amendment assumes no mandatory increases or decreases in this function.

### ***Conference Agreement***

The Conference Agreement calls for \$25.7 billion in BA and \$24.2 billion in outlays in fiscal year 2004; \$155.9 billion in BA and \$133.7 billion in outlays over 5 years; and \$341.6 billion in BA and \$296.4 billion in outlays over 10 years. The Conference Agreement fully accommodates the President's request for this function. This includes funding for the President's Millennium Challenge Corporation initiative and the Global AIDS Initiative.

## **GENERAL SCIENCE, SPACE, AND TECHNOLOGY: FUNCTION 250**

### ***Function Summary***

Function 250 consists of General Science, Space and Technology programs. The largest component of this function – about two-thirds of total spending – is for the space flight, research, and supporting activities of the National Aeronautics and Space Administration [NASA]. The function also reflects general science funding, including the budgets for the National Science Foundation [NSF], and the fundamental science programs of the Department of Energy [DOE].

### ***House Resolution***

The House resolution calls for \$22.8 billion in BA and \$22.3 billion in outlays in fiscal year 2004, a decrease of 1.6 percent in BA compared with fiscal year 2003. The function totals are \$121.8 billion in BA and \$118.7 billion in outlays over 5 years; and \$260.8 billion in BA and \$254.1 billion in outlays over 10 years.

### ***Senate Amendment***

For discretionary programs the Senate amendment assumes a discretionary total of \$23.6 billion in BA and \$22.6 billion in outlays for 2004. This represents an increase of \$0.5 billion (2.3 percent) in BA and \$1.2 billion (5.5 percent) in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

For NASA, the Senate amendment assumes funding the President's request of \$14.5 billion for Function 250 activities (this excludes NASA aeronautics funding that falls in Function 400). Included is \$6.7 billion for Science, Aeronautics, and Exploration and \$7.8 billion for Space Flight Capabilities. The President's request of \$4.0 billion (on a full-cost basis) is assumed for the Space Shuttle.

The Senate amendment assumes funding the President's request of \$5.4 billion in discretionary funding for National Science Foundation activities, a 3.2-percent increase over the 2003 level.

For Department of Energy science programs, the Senate amendment assumes a \$100-million increase over the President's request, bringing total funding for DOE science programs to \$3.4 billion in 2004, a 4.6-percent increase over the 2003 level.

The Senate amendment includes \$273 million for the Department of Homeland Security in 2004. These funds support the advance of homeland security through scientific research.

The Senate amendment assumes no mandatory increases or decreases in this function.

***Conference Agreement***

The Conference Agreement for Function 250 calls for \$23.9 billion in BA and \$22.8 billion in outlays in fiscal year 2004. The functional totals are \$126.5 billion in BA and \$122.3 billion in outlays over 5 years, and \$270.5 billion in BA and \$262.2 billion in outlays over 10 years. The Agreement accommodates an increase of \$324 million above the administration's request for NSF research and related activities. The Agreement also supports a \$100-million increase over the administration's request for DOE science programs.

## **ENERGY: FUNCTION 270**

### ***Function Summary***

The Energy function reflects civilian energy and environmental activities and programs of the Federal Government. Through this function, spending is provided for energy supply programs, such as solar and renewable, fossil and nuclear research at the Department of Energy [DOE]; rural electricity and telecommunications loans, administered through the Rural Utilities Service of the Department of Agriculture; electric power generation and transmission programs of the Power Marketing Administrations (the Southeastern Power Administration, the Southwestern Power Administration, the Western Area Power Administration, and the Bonneville Power Administration); and power generation and transmission programs of the Tennessee Valley Authority. This function also provides funds for energy conservation programs; emergency energy preparedness (mainly the Strategic Petroleum Reserve); and energy information, policy, and regulation programs, including spending by the Office of the Secretary of Energy and the operations of the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and the U.S. Enrichment Corporation.

Function 270 does not include DOE's national security activities – the National Nuclear Security Administration – which are in Function 050 (Defense), or its basic research and science activities, which are in Function 250 (General Science, Space, and Technology).

### ***House Resolution***

The House resolution calls for \$2.6 billion in BA and \$0.9 billion in outlays in fiscal year 2004, an increase of 25 percent in BA compared with fiscal year 2003. The function totals are \$13.3 billion in BA and \$5.6 billion in outlays over 5 years, and \$29.3 billion in BA and \$15.6 billion in outlays over 10 years.

Pursuant to the Homeland Security Act of 2002, the functions of the National Simulation and Analysis Center and the energy security and assurance programs of the Department of Energy are transferred to the new Department's Directorate of Information Analysis and Infrastructure Protection.

The resolution accommodates resources outside the Department of Homeland Security necessary for certain aspects of homeland security. A sum of \$619 million is assumed in fiscal year 2004 for the Nuclear Regulatory Commission to continue to review and strengthen NRC's physical facilities and information technology infrastructure to enhance nuclear plant security. Of this amount, \$572 million is provided by fees and receipts.

### ***Senate Amendment***

The Senate amendment assumes spending in this function would total \$2.6 billion in BA and \$0.9 billion in outlays for 2004. This represents an increase of \$0.6 billion in BA (7 percent), and \$0.4 billion in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

For discretionary programs, the Senate amendment assumes a total of \$3.7 billion in BA and \$3.6 billion in outlays for 2004. This represents an increase of \$0.4 billion (13 percent) in BA above the 2003 level.

The Senate amendment assumes \$881 million for non-defense environmental management activities. This is an increase of \$213 million, or 32 percent, above the 2003 enacted level. (An additional \$6.3 billion for environmental management activities is included in Function 050.)

The Senate amendment assumes \$802 million for Energy Supply activities. This is \$106 million (15 percent) above the 2003 enacted level. This increase includes funding for the President's Freedom Fuel Initiative, which would help reverse America's growing dependence on foreign oil, by providing funds for research for a commercially viable hydrogen-powered fuel cell technology.

The Senate amendment assumes no mandatory increases or decreases in this function.

### ***Conference Agreement***

The Conference Agreement for Function 270 calls for \$2.6 billion in BA and \$0.9 billion in outlays in fiscal year 2004. The functional totals are \$13.8 billion in BA and \$5.6 billion in outlays over 5 years, and \$30.3 billion in BA and \$15.7 billion in outlays over 10 years. The Conference Agreement fully supports the President's budget request for this function.

## **NATURAL RESOURCES AND ENVIRONMENT: FUNCTION 300**

### ***Function Summary***

Programs within Function 300 consist of water resources, conservation, land management, pollution control and abatement, and recreational resources. Major departments and agencies in this function are the Department of Interior, including the National Park Service [NPS], the Bureau of Land Management [BLM], the Bureau of Reclamation, and the Fish and Wildlife Service [FWS]; conservation-oriented and land management agencies within the Department of Agriculture [USDA] including the Forest Service; the National Oceanic and Atmospheric Administration [NOAA] in the Department of Commerce; the Army Corps of Engineers; and the Environmental Protection Agency [EPA].

### ***House Resolution***

The House resolution calls for \$29.2 billion in BA and \$29.9 billion in outlays in fiscal year 2004. The function totals are \$154.1 billion in BA and \$154.4 billion in outlays over 5 years, and \$331.0 billion in BA and \$327.9 billion in outlays over 10 years.

The resolution assumes legislation allowing the Bureau of Land Management to use updated management plans to identify publicly owned areas suitable for sale; the permanent extension of the Recreation Fee Program, which allows parks, refuges, forests, and other publicly-owned units to spend fees within the units from which they are collected; legislation to prevent the United Mine Workers of America Combined Benefit Fund from financial crisis by transferring to it any additional interest from the Abandoned Mine Land Reclamation Fund; the Water Resources Development Act of 2002, which authorizes the Corps of Engineers to conduct water resource studies and undertake specified projects and programs for flood control, inland navigation, shoreline protection, and environmental restoration; and the Central Utah Project [CUP] Completion Act, which clarifies and streamlines completion of project goals. The CUP provides water for agricultural, industrial, and municipal uses.

### ***Senate Amendment***

The Senate amendment assumes spending in this function of \$35.3 billion in BA and \$31.4 billion in outlays for 2004. This represents an increase of \$4.4 billion in BA (14 percent), and \$2.4 billion in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

For discretionary programs, the Senate amendment assumes a total of \$32.8



billion in BA and \$29.5 billion in outlays for 2004. This represents an increase of \$3.6 billion (12 percent) in BA above the 2003 level.

The Senate amendment assumes \$3.1 billion for the National Fire Plan, which is \$880 million above the President's request. This reflects an amendment to the resolution adopted by the Senate that added \$500 million to the National Fire Plan. The Senate believes it is critical to fund the National Fire Plan at a realistic level that will allow the Forest Service and Department of Interior to pay for wildfire suppression, while maintaining its ongoing operations.

The Senate amendment assumes \$900 million for the Land and Water Conservation Fund [LWCF], the same as the President's budget.

The Senate amendment assumes \$11.3 billion for the Environmental Protection Agency. This is \$3 billion (36 percent) above the 2003 enacted level. The Senate did not accept the President's cut to the State and Tribal Assistance Grants, instead funding them at \$6.8 billion, which is \$3 billion more than the 2003 enacted level. (This increase to the State and Tribal Assistance Grants is due to an amendment adopted by the Senate, which added \$3 billion in 2004 to the Clean Water and Safe Drinking Water State Revolving Fund.) Within the EPA, there is \$1.4 billion for Superfund, which is \$125 million or 9.9 percent more than the 2003 enacted level. The Senate amendment also includes \$2.2 billion for environmental programs and management. This is \$122 million, or 5.8 percent, more than the 2003 enacted level.

The Senate amendment assumes \$4.5 billion for the Corps of Engineers, the same as the 2003 level, and \$546 million more than the President's request. It does not include the President's proposal to fund operations and maintenance and construction from the Inland Waterways Trust Fund or from the Harbor Maintenance Trust Fund.

The Senate amendment assumes the President's proposal to make the Recreation Fee Demonstration Program permanent. This program allows the Forest Service and Department of Interior to collect entrance fees and use a portion of those fees without further appropriation for maintenance and other projects. Over 10 years, this program would have a net cost of \$803 million.

The Senate amendment reflects the administration's proposal for the Federal Land Transaction Facilitation Act. This proposal would allow the Bureau of Land Management to use updated management plans to identify property suitable for disposal as well as allow a certain portion of receipts to be used by the BLM for restoration projects. It would cap receipt retention at \$100 million per year. The proposal costs \$86 million over 10 years.

The Senate amendment assumes \$3.4 billion over 10 years for the Conservation Security Program in the Department of Agriculture.

### ***Conference Agreement***

The Conference Agreement calls for \$31.6 billion in BA and \$30.8 billion in outlays in fiscal year 2004. The function totals are \$164.5 billion in BA and \$161.9 billion in outlays over 5 years, and \$348.3 billion in BA and \$342.4 billion in outlays over 10 years.

For discretionary programs, the Conference Agreement provides for a total of \$29.3 billion in BA and \$29.0 billion in outlays in fiscal year 2004.

The Conference Agreement recognizes the importance of the National Fire Plan and calls for \$2.6 billion for the plan, \$380 million above the President's request. The Congress believes it is critical to fund the National Fire Plan at a level that will allow the Forest Service and the Department of the Interior to pay for wildfire suppression, while maintaining their normal operations. In particular, Congress places a priority on wildfire suppression; rehabilitation and restoration of areas burned during recent fire seasons; and the reduction of hazardous fuels, which will help prevent wildfires in the future.

The Conference Agreement accommodates \$8.3 billion for the Environmental Protection Agency, \$250 million greater than the 2003 enacted level. The Congress restored funding for the State and Tribal Assistance Grants to \$3.8 billion, the same as the 2003 enacted level. Within the EPA, there is \$1.4 billion for Superfund, which is \$125 million ( 9.9 percent) more than the 2003 enacted level; and \$2.2 billion for environmental programs and management, which is \$122 million (5.8 percent) more than the 2003 enacted level.

The Conference Agreement also accommodates the Senate's \$4.5 billion for the Corps of Engineers.

For mandatory programs, the Agreement assumes the President's proposal allowing the Forest Service and Department of Interior to collect entrance fees and use a portion of those fees for maintenance and other projects without further appropriation. It also assumes an amendment allowing the Bureau of Land Management [BLM] to use updated management plans to identify property suitable for disposal, as well as permit a certain portion of receipts to be used by the BLM for restoration projects. The Agreement also assumes \$3.4 billion over 10 years for the Conservation Security Program in the Department of Agriculture; legislation passed in the House last year to authorize the Army Corps of Engineers to conduct water resource studies and undertake specific projects and programs for flood control, inland navigation, shoreline protection, and environmental restoration; and enactment of the Central Utah Project Completion Act, which passed in the House last year.

## **AGRICULTURE: FUNCTION 350**

### ***Function Summary***

The Agriculture function includes funds for direct assistance and loans to food and fiber producers, export assistance, market information, inspection services, and agricultural research. Farm policy is driven by the Farm Security and Rural Investment Act of 2002, which provides producers with continued planting flexibility while protecting them against unique uncertainties such as poor weather conditions and unfavorable market conditions.

### ***House Resolution***

The House resolution calls for \$24.0 billion in BA and \$23.4 billion in outlays in fiscal year 2004. The function totals are \$125.1 billion in BA and \$121.5 billion in outlays over 5 years, and \$240.8 billion in BA and \$237.1 billion in outlays over 10 years.

Included in these funding levels is the continuation of the 2002 farm bill.

### ***Senate Amendment***

The Senate amendment assumes spending in this function would total \$24.5 billion in BA and \$23.5 billion in outlays for 2004. This represents an increase of \$39 million in BA over the 2003 level.

For discretionary programs, the Senate amendment assumes a total of \$5.2 billion in BA and \$5.6 billion in outlays for 2004. This represents a decrease of \$0.5 billion or 8.5 percent in BA from the 2003 level.

The Senate amendment assumes the President's request that several mandatory agriculture programs will provide discretionary savings of \$321 million in 2004 and \$1.1 billion over 10 years.

The Senate amendment also assumes a decrease of \$1.4 billion over 10 years in the mandatory programs administered by the Department of Agriculture.

### ***Conference Agreement***

The conference agreement calls for \$24.6 billion in BA and \$23.7 billion in outlays in fiscal year 2004. The function totals are \$130.2 billion in BA and \$124.5 billion in outlays over 5 years, and \$255.7 billion in BA and \$245.8 billion in outlays over 10 years. Included in these funding levels is the

continuation of the 2002 Farm Bill. The Conference Agreement fully supports the President's overall request for this function.

## **COMMERCE AND HOUSING CREDIT: FUNCTION 370**

### ***Function Summary***

Function 370 includes four components: mortgage credit (usually negative BA because receipts tend to exceed the losses from defaulted mortgages); the Postal Service (mostly off budget); deposit insurance (negligible spending due to deposit insurance premiums); and other advancement of commerce (the majority of the discretionary and mandatory spending in this function).

The mortgage credit component of this function includes housing assistance through the Federal Housing Administration [FHA], the Government National Mortgage Association [Ginnie Mae], and rural housing programs of the Department of Agriculture. The function also includes net Postal Service spending and spending for deposit insurance for banks, thrifts, and credit unions. Finally, most, but not all, of the Commerce Department is provided for in this function including the International Trade Administration, Bureau of Economic Analysis, Patent and Trademark Office, National Institute of Standards and Technology, National Telecommunications and Information Administration, and the Bureau of the Census; as well as independent agencies such as the Securities and Exchange Commission [SEC], the Commodity Futures Trading Commission, the Federal Trade Commission, the Federal Communications Commission [FCC], and the majority of the Small Business Administration [SBA].

More than two-thirds of the spending in Function 370 is out of the FCC's Universal Service Fund. Spending from this fund exactly offsets the receipts (classified as taxes on the revenue side of the budget) that certain telecommunications operators charge their customers to promote service to low-income users and high-cost areas, as well as new services.

### ***House Resolution***

The House resolution calls for \$7.4 billion in BA and \$3.6 billion in outlays in fiscal year 2004, a decline of 16 percent in BA compared with fiscal year 2003. The function totals are \$42.0 billion in BA and \$16.5 billion in outlays over 5 years, and \$86.8 billion in BA and \$26.6 in outlays over 10 years.

For the Department of Homeland Security, \$21 million is provided for Departmentwide technology investments, as is \$9 million for the Critical Infrastructure Assurance Office under Information Analysis and Infrastructure Protection.

The resolution assumes other funding for homeland security purposes of the

Commerce Department, including: \$83.9 million for the Bureau of Industry and Security to inhibit the global spread of dual-use technologies that could be used in biological, chemical, and nuclear weapons of mass destruction (formerly the Bureau of Export Administration); \$10.3 million for the National Institute of Standards and Technology; and \$3.7 million for the International Trade Administration.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes discretionary spending in this function would total -\$0.5 billion in BA and \$0.1 billion in outlays for 2004. This represents a decrease of \$0.6 billion in BA, but an increase of \$38 million in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

The Senate amendment for 2004 reflects all the President's requested increases over 2003 (shown as percentage increase) for export control and enforcement (47 percent), the activities of the Census Bureau (20 percent), economic and statistical analysis (18 percent), and homeland security investments in the Department of Commerce (43 percent). The Senate amendment also assumes the President's request of \$842 million (an 18-percent increase) for the Securities and Exchange Commission to implement the corporate responsibility activities under the Sarbanes-Oxley bill.

The President's budget proposes to eliminate the Advanced Technology Program, which would save \$0.7 billion over the next 10 years and is reflected in the Senate amendment. The President's proposal to discontinue the Manufacturing Extension Program, however, is not assumed by the Senate amendment.

For mandatory programs, the Senate amendment assumes the President's proposal to merge the deposit insurance funds for banks and thrifts – the Bank Insurance Fund and the Savings Association Insurance Fund. According to CBO estimates, this proposal would be nearly budget neutral over the next 10 years.

The Senate amendment also assumes legislation (S.380, as cleared for the President on 8 April 2003) that would reduce the Postal Service payment to the Civil Service Retirement [CSRS] trust fund for 2003-05, but then would reinstate and redirect the payment to an escrow fund until Congress can enact subsequent law regarding how the Postal Service should address its retiree health liabilities and other concerns. This proposal would increase the unified deficit by \$7.3 billion over the 2003-13 period. The budgetary effect on the Postal Service is reflected in this function, and the effect on the receipts of the CSRS fund are shown in Function 950 (a small interest effect appears in Function 900).

### ***Conference Agreement***

The Conference Agreement calls for on-budget amounts as follows: \$7.5 billion in BA and \$3.6 billion in outlays in fiscal year 2004; \$41.9 billion in BA and \$15.6 billion in outlays over 5 years; and \$84.3 billion in BA and \$21.5 billion in outlays over 10 years. For mandatory programs, the agreement assumes a merger of the Bank Insurance Fund and the Savings Association Insurance Fund; legislation to pay interest on bank deposits with the Federal Reserve; and regulatory relief for certain financial services companies. For discretionary programs, the Agreement is consistent with the Senate amendment.

## **TRANSPORTATION: FUNCTION 400**

### ***Function Summary***

This function funds all major Federal transportation modes and programs including the Transportation Security Administration; the Federal Highway Administration; the Federal Transit Administration; the National Rail Passenger Corporation [Amtrak]; highway, motor carrier and rail safety programs; the Federal Aviation Administration; the aeronautical activities of the National Aeronautics and Space Administration [NASA]; the Coast Guard; the Maritime Administration; and other transportation support activities.

### ***House Resolution***

The House resolution calls for \$65.4 billion in BA and \$69.2 billion in outlays in fiscal year 2004, an increase of 2.1 percent in BA compared with fiscal year 2003. Function totals are \$334.2 billion in BA and \$338.2 billion in outlays over 5 years, and \$698.9 billion in BA and \$700.8 billion in outlays over 10 years.

The resolution assumes an increase in Federal-aid Highway contract authority and obligation limitation from \$32.1 billion in 2004 to \$39.0 billion in 2013; a freeze of Transit Category contract authority and obligation limitation at \$5.7 billion; transfer of the receipts from the 2.5-cent gasohol deficit reduction tax from the General Fund to the Highway Trust Fund; and establishment of a contingency procedure to increase spending above the level in the budget resolution on highways, highway safety, and transit should additional resources be made available to the Highway Trust Fund.

### ***Senate Amendment***

For Function 400, the Senate amendment includes \$75.8 billion in BA and \$71.6 billion in outlays for 2004. This represents an increase of \$11.7 billion in BA, or 18 percent.

The Senate amendment includes major increases in the Federal-aid Highways program, reflecting an amendment adopted by the Senate that set contract authority at levels that cannot be sustained with trust fund receipts under current law. For 2004, the Senate amendment assumes an obligation limitation of \$35.6 billion, an 11-percent increase from the Committee-reported resolution of \$32.1 billion and contract authority of \$39.3 billion, a 29-percent increase from the Committee-reported resolution of \$30.5 billion.

For 2004-09, the Senate amendment includes \$233.3 billion in obligation



limitation, a 20-percent increase from the Committee-reported resolution of \$194.4 billion and the amendment includes contract authority of \$255.7 billion, a 24-percent increase in the Committee-reported resolution of \$206.5 billion.

For Essential Air Service, the Senate amendment assumes \$103 million for 2004, which is \$53 million above the President's request.

For Port Security, the Senate amendment included \$850 million in 2004, and \$850 million in 2005 due to an amendment adopted on the floor.

For the Coast Guard, the Senate amendment assumes the President's request of \$6.1 billion, the same as the 2003 enacted level. This request would recapitalize much of the Coast Guard's budget which was diverted for more urgent needs, following September 11, 2001.

The Senate amendment assumes full funding for the President's request for NASA programs within this function at \$993 million, a 20-percent increase from the enacted 2003 level.

The Senate amendment includes \$1.8 billion for Amtrak, a 100-percent increase over the committee-passed resolution of \$900 million due to an amendment adopted on the Senate floor that added \$912 million.

### ***Conference Agreement***

The Conference Agreement calls for \$69.5 billion in BA and \$69.9 billion in outlays in fiscal year 2004; \$364.7 billion in BA and \$354.9 billion in outlays over 5 years; and \$759.9 billion in BA and \$745.8 billion in outlays over 10 years.

The Conference Agreement provides contract authority for Federal-aid highways of \$35.482 billion in 2004, and \$231.078 billion for 2004-09, representing a compromise midway between the House- and Senate-passed level.

The Conference Agreement also provides transit budget authority of \$5.841 billion in 2004 and \$49.1 billion for 2004-09, which is also a compromise midway between the House- and Senate-passed.

The Conference Agreement establishes a contingency procedure to increase spending above the level in the budget resolution on highways, highway safety, and transit should new offsetting resources be made available to the Highway Trust Fund. The conferees intend that the increase provided for in this Conference Agreement above the baseline will be constrained by the resources available to the Highway Trust Fund.

## **COMMUNITY AND REGIONAL DEVELOPMENT: FUNCTION 450**

### ***Function Summary***

Function 450 includes programs that provide Federal funding for economic and community development in both urban and rural areas, including: Community Development Block Grants [CDBGs]; the non-power activities of the Tennessee Valley Authority; the non-roads activities of the Appalachian Regional Commission; the Economic Development Administration [EDA]; and partial funding for the Bureau of Indian Affairs [BIA]. Funding for disaster relief and insurance – including the Federal Emergency Management Agency [FEMA], now part of the new Department of Homeland Security [DHS] – also appear here.

### ***House Resolution***

The House resolution calls for \$14.1 billion in BA and \$15.9 billion in outlays in fiscal year 2004, an increase of 15.4 percent in BA compared with fiscal year 2003. The function totals are \$73.5 billion in BA and \$76.5 billion in outlays over 5 years, and \$155.8 billion in BA and \$154.1 billion in outlays over 10 years.

Resources allow for significant expansions of the First Responder Grant Program, with \$3.5 billion in funding for grants for “first responders” such as local firefighters, and search-and-rescue or police forces. This is a \$1.7-billion increase over the 2003 enacted level.

### ***Senate Amendment***

The Senate amendment assumes funding for this function will total \$14.3 billion in BA and \$16.7 billion in outlays. This represents a decrease of 9 percent in BA, or \$1.4 billion, from 2003. The Senate amendment assumes funding of \$151.9 billion in BA and \$153.5 billion in outlays over 2004-13.

For discretionary programs, the Senate amendment assumes \$13.8 billion in BA and \$16.8 billion in outlays for 2004. This represents a decrease of \$1.4 billion in BA from the 2003 level. The Senate amendment includes the following specific assumptions.

As part of the newly formed Department of Homeland Security, all the activities of what was once known as the Federal Emergency Management Agency will be managed by the Emergency Preparedness and Response Directorate within DHS. For the Office of Domestic Preparedness, the Committee-reported resolution assumed the President’s request for \$3.5 billion in 2004 to ensure that first responders are properly trained and equipped. Then the Senate adopted an

amendment to the resolution to add an additional \$3.5 billion in 2003 for first responders. The Senate amendment also assumes \$3.2 billion for Disaster Relief activities. This level is consistent with the average cost of (non-terrorist) disaster events over the past 5 years. This includes \$2.0 billion in new money, as well as money left over from prior years. This \$2.0 billion in new money represents an increase of \$1.2 billion over the 2003 level.

The Senate amendment also incorporates the President's proposal for a new \$300 million pre-disaster mitigation program. The Senate amendment also continues to support the protection of the public against flood damage by supporting the Flood Map Modernization Fund and including \$200 million to update the inaccurate maps.

For Community Development Block Grants, the Senate amendment matches the President's request by assuming \$4.7 billion in 2004. This is \$200 million below the enacted 2003 level. The President proposes to review this program and develop proposals to better incorporate poorer communities with poverty rates above the national average.

For the Bureau of Indian Affairs, the Senate amendment assumes \$1.1 billion which is an increase of \$21 million from 2003. The resolution also supports Indian school construction and provides \$346 million to improve academic performance at BIA schools and to eliminate the school maintenance and repair backlog.

Among mandatory activities in this function, the Senate amendment reflects an amendment adopted by the Senate adding \$260 million in BA in 2004 (and in each year thereafter through 2013) for a new Homestead Venture Capital Fund.

### ***Conference Agreement***

The Conference Agreement calls for spending of \$14.1 billion in BA and \$15.8 billion in outlays in 2004, and \$71.8 billion in BA and \$75.4 billion in outlays over the period 2004-08. Over the period 2004-13, the agreement calls for spending of \$149.3 billion in BA and \$149.2 billion in outlays. The conference agreement accommodates the expansion of grants for first responders, and other activities in the new Department of Homeland Security.

The conferees strongly support the continued funding of the Round II Urban and Rural Empowerment Zone and Enterprise Community [EZ/EC] initiatives at least at the level pledged by the Round II designation of 1999. The conferees recognize that the current EZ/EC initiative is yielding measurable results; improving the economy and quality of life in distressed areas; enabling self-sufficiency of disadvantaged residents; and leveraging private and nonprofit resources. In competing for the designations, these communities were selected

for their thoughtful use of Federal funds over a full 10-year cycle, not on how quickly they could withdraw funds from the Treasury. The Round II EZ/EC designees have received only a small portion of the Federal grant funds they were promised to implement their strategic plans for revitalization. This Conference Agreement assumes the program will receive sufficient resources to continue progress on this important work.

## **EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES: FUNCTION 500**

### ***Function Summary***

Education spending consumes two-thirds of the Function 500 total, including elementary and secondary education services, higher education aid, and research and general education aids – the last category incorporating funding for arts, humanities, museums, libraries, and public broadcasting. Job training and other Labor Department activities are in this function, as are social services – including the Social Services Block Grant, vocational rehabilitation, and national service.

### ***House Resolution***

The House resolution calls for \$84.7 billion in BA and \$85.7 billion in outlays in fiscal year 2004. The function totals are \$435.2 billion in BA and \$428.7 billion in outlays over 5 years, and \$914.5 billion in BA and 898.5 billion in outlays over 10 years.

The resolution levels support priority funding for a number of discretionary spending programs. It assumes an increase of \$50 million, to \$1.238 billion, for the Impact Aid program. It accommodates an increase of at least \$666 million, to \$12.35 billion, for Title I funding of low-income school districts. The resolution also provides for at least \$12.7 billion toward the Pell Grant program for low-income undergraduate students, a \$1.34-billion increase from 2003. In the area of special education, the resolution assumes an increase of at least \$660 million for Individuals with Disabilities Education Act [IDEA] Part B Grants to States.

In mandatory spending, the resolution includes reconciliation instructions to the Committee on Education and the Workforce to create re-employment accounts as a temporary new benefit. As recommended in the President's economic growth proposal, \$3.6 billion in mandatory BA is provided in 2003 for the establishment of these accounts.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes \$86.3 billion in BA and \$75.8 billion in outlays for 2004. This represents an increase of \$13.4 billion (18.5 percent) in BA over the 2003 level. The Senate amendment includes the following specific assumptions.

For Title I Grants to Local Education Agencies, the Committee-reported resolution assumed a \$1 billion increase, bringing funding to \$12.7 billion for

academic year 2004-05. This represents an 8.6-percent increase over the previous academic year. An amendment adopted by the Senate added an additional \$2 billion for No Child Left Behind programs. Another amendment adopted by the Senate added \$2 billion for block grants to States for No Child Left Behind, special education, and vocational education programs.

For the Individuals with Disabilities Education Act [IDEA], the Committee-reported resolution assumed a \$1-billion increase for Part B Grants to States, and a \$205-million cap adjustment in 2004. In addition to maintaining the previous year's funding level, a \$1-billion increase was assumed in each year thereafter through 2009, bringing IDEA funding to \$6.2 billion above the baseline level in 2009. During its consideration of the resolution, the Senate adopted an amendment that increased IDEA levels by \$970 million in 2004 and \$2.3 billion in 2005.

The Committee-reported resolution assumed holding Impact Aid at the 2003 level. The Senate adopted an amendment to increase Impact Aid by \$112 million, bringing its funding level to \$1.3 billion in 2004.

For Pell Grants, the Committee-reported resolution assumed a \$1.4 billion increase. The Senate adopted an amendment to increase Pell funding by an additional \$1.8 billion, which would support a \$4,500 maximum award. This brings total funding for Pell Grants to \$14.5 billion in 2004.

The Senate amendment fully funds the President's request of \$6.8 billion for Head Start, which would remain in HHS.

The Senate amendment reflects the President's proposals for reauthorization of the Workforce Investment Act [WIA] as well as an amendment adopted by the Senate to increase WIA funding by \$678 million, bringing total funding to \$5.6 billion.

The Senate amendment includes the administration's request for the Labor Department's Office of Labor-Management Standards, which reflects an additional \$6 million to improve the transparency of union finances. The Senate amendment also reflects an additional \$6-million increase to make whole the chronic under-funding of the Office in prior years.

The Senate amendment also assumes enactment of the CARE Act, as reported by the Senate Finance Committee, and therefore reflects an additional \$275 million for the Social Services Block Grant for 2003 and an additional \$1.1 billion for 2004.

The Senate amendment assumes adoption of the President's student loan forgiveness proposal at a cost of \$45 million in 2004.

Among mandatory programs in this function, the Senate amendment reflects an amendment adopted by the Senate to create a New Homestead Venture Capital Fund, costing \$1.2 billion over 10 years.

### ***Conference Agreement***

The resolution calls for \$90.0 billion in BA and \$84.2 billion in outlays in fiscal year 2004. The function totals are \$468.4 billion in BA and \$449.9 billion in outlays over 5 years, and \$986.3 billion in BA and \$955.6 billion in outlays over 10 years.

These levels accommodate a \$3-billion increase from the previous year for the Department of Education, which would provide for a \$1.3-billion increase for the Pell Grant program; a \$50-million increase for the Impact Aid Program; and a \$1-billion increase for Title I of the No Child Left Behind Act. Cumulatively, the Conference Agreement accommodates funding for No Child Left Behind programs of \$1.5 billion above the President's proposed level. For the Part B Grants to States program of the Individuals with Disabilities Education Act, a \$2.2-billion increase is provided for 2004, followed by an additional \$2.5 billion increase in 2005. This increase of \$4.7 billion over 2 years would raise the program's level of funding from \$8.9 billion to \$13.6 billion.

In mandatory spending, the resolution assumes the President's proposal to increase from \$5,000 to \$17,500 the maximum level of student loan forgiveness available to math, science, and special education teachers serving in low-income communities.

## **HEALTH: FUNCTION 550**

### ***Function Summary***

Medicaid represents about 71 percent of the spending in this function. The function also includes the State Children's Health Insurance Program [CHIP]; health research and training, including NIH and substance abuse prevention and treatment; and consumer and occupational health and safety, including the Occupational Safety and Health Administration.

The Department of Health and Human Services [HHS] plays a lead role in addressing bio-terrorism. Four key HHS components participate in homeland bio-terrorism security: the Centers for Disease Control and Prevention [CDC], the Food and Drug Administration [FDA], the Health Resources and Services Administration [HRSA], and the National Institutes of Health [NIH]. In fiscal year 2004, total spending for HHS's bioterrorism efforts would be \$3.6 billion.

### ***House Resolution***

The House resolution calls for \$235.1 billion in BA and \$235.5 billion in outlays in fiscal year 2004, an increase of 5.9 percent in BA compared with fiscal year 2003. The function totals are \$1,337.2 billion in BA and \$1,334.8 billion in outlays over 5 years, and \$3,196.9 billion in BA and \$3,188.0 billion in outlays over 10 years.

For the Department of Homeland Security [DHS], the resolution reserves \$5.6 billion over 10 years for BioShield, a program to accelerate research, development, and purchase of bioterrorism threat countermeasures. Also within Function 550, the resolution assumes \$400 million to maintain and strengthen the Strategic National Stockpile.

The resolution provides for Medicaid reform to give States greater flexibility and to provide health insurance coverage for new populations. The budget establishes a reserve fund of \$3.25 billion in fiscal year 2004 and \$8.9 billion over 5 years for Medicaid reform. The proposal is budget-neutral over 10 years.

Other Medicaid policies include assumptions that expiring fiscal year 2000 State Children's Health Insurance Program funds will be extended for 1 year, that Transitional Medicaid Assistance and the QI-1 programs are extended for 5 years, and that the Vaccines for Children program will be modified to allow health departments to give vaccines.

The resolution also assumes enactment of abstinence education legislation and



assumes States will have the option to expand Medicaid coverage for children with special needs, allowing families of disabled children the opportunity to purchase coverage under the Medicaid program for such children.

The budget assumes that by fiscal year 2004, NIH funding will have more than doubled over the 1998 level, to \$27.9 billion.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes \$52.7 billion in BA and \$50.8 billion in outlays for 2004. This represents an increase of \$3.2 billion in BA over the 2003 level.

The omnibus appropriations bill of 2003 completed the planned 5-year doubling of the National Institutes of Health [NIH] budget from \$13.7 billion in 1998 to \$27.1 billion in 2003. Nonetheless, the Senate amendment includes an additional 10-percent increase for 2004, bringing total NIH funding to \$29.7 billion in BA in 2004.

For mandatory programs, the Senate amendment includes several reserve funds. The Senate amendment assumes a reserve fund for the Finance Committee to reform Medicaid and the State Children's Health Insurance Program by providing flexibility to the States for innovation and expansion of coverage. The fund is based on the administration's proposal for a new Medicaid and SCHIP program option, under which States may take their Medicaid and SCHIP funding in a single Federal payment.

The Senate amendment includes another reserve fund for the Finance Committee to report legislation to extend the availability of SCHIP funds that will expire and restore availability of funds from 1998 and 1999 that have expired. According to CBO estimates, approximately \$1.26 billion in SCHIP funds reverted to the Treasury on 1 October 2002, and \$1.35 billion will return to the Treasury at the end of 2003. Beyond these amounts, the reserve fund would allow such legislation to provide an additional \$1.825 billion in BA and \$975 million in outlays over 10 years to the States to ease some of the financial strain they face as well as to cover more children under their SCHIP programs.

The Senate amendment includes an \$88 billion reserve fund for the Finance Committee to report legislation that would assist the 41 million uninsured Americans in gaining access to quality, affordable health insurance.

The Senate amendment includes a reserve fund for the HELP Committee for the creation of Project Bioshield, a comprehensive effort to develop effective countermeasures against biological and other dangerous agents. Over the next 10 years, almost \$6 billion will be available to purchase new countermeasures for

smallpox, anthrax, and botulism toxin as well as to produce and purchase countermeasures for other dangerous agents, such as Ebola and plague, once safe and effective treatments are developed.

The Senate amendment includes savings of \$3.346 billion over 10 years for medical liability reform.

### ***Conference Agreement***

The Conference Agreement calls for \$240.6 billion in BA and \$238.8 billion in outlays in fiscal year 2004. The function totals are \$1,401.2 billion in BA and \$1,396.6 billion in outlays over 5 years, and \$3,375.4 billion in BA and \$3,363.5 billion in outlays over 10 years.

The Agreement reserves \$5.6 billion in funding over 10 years to allow the Department of Homeland Security to procure, for inclusion in the Strategic National Stockpile, countermeasures necessary to protect the public health from current and emerging threats of chemical, biological, radiological or nuclear agents. For Medicaid reform, the Agreement establishes a reserve fund of \$3.3 billion in fiscal year 2004, and \$8.9 billion over 5 years. The fund is budget neutral over 10 years. Other reserve funds in the Agreement include \$161 million in new BA in 2004 and \$50 billion over 10 years to increase access to health insurance for the uninsured; and \$43 million in new BA in 2004 and \$7.5 billion over 10 years for the Family Opportunity Act. Other assumptions include a 1-year extension of certain State Children's Health Insurance Program funds – specifically fiscal year 1998 and 1999 funds that have expired, and fiscal year 2000 funds that are expiring. In addition, the Conference Agreement assumes that Transitional Medicaid Assistance and the QI-1 programs are extended for 5 years. It also assumes funding for abstinence education.

The Agreement assumes savings of \$3.7 billion over 10 years resulting from the impact of medical liability reform on Medicaid, FEHBP, and DOD. The figure reflects an updated cost estimate from the Congressional Budget Office for the 108<sup>th</sup> Congress.

## **MEDICARE: FUNCTION 570**

### ***Function Summary***

This budget function reflects the Medicare Part A Hospital Insurance [HI] Program, Part B Supplementary Medical Insurance [SMI] Program, and premiums paid by qualified aged and disabled beneficiaries. It also includes the “Medicare+Choice” Program, which covers Part A and Part B benefits and allows beneficiaries to choose certain private health insurance plans. Medicare+Choice plans may include health maintenance organizations, preferred provider organizations, provider-sponsored organizations, and private fee-for-service plans. In addition to covering all Medicare-covered services, such plans may add benefits or reduce cost-sharing required by the traditional Medicare program.

### ***House Resolution***

The House resolution calls for \$266.5 billion in BA and \$266.9 billion in outlays in fiscal year 2004, an increase of 7.2 percent in BA compared with fiscal year 2003. The function totals are \$1.6 trillion in BA and \$1.6 trillion in outlays over 5 years and \$3.9 trillion in BA and \$3.9 trillion in outlays over 10 years. Over the 2004-13 period, Medicare spending grows by 7.8 percent.

The House budget resolution includes a reserve fund of \$400 billion over 10 years for Medicare modernization and a prescription drug benefit. The \$400 billion amount is equal to the amount the President proposed in his fiscal year 2004 budget. This amount is in addition to the \$54 billion increase in Medicare spending in the Fiscal Year 2003 Omnibus Appropriations Bill.

### ***Senate Amendment***

The Senate amendment assumes the President’s proposal to provide additional Medicare funds to improve access to prescription drugs for all beneficiaries and to strengthen and modernize the program. This funding is included in a reserve fund, which contains up to \$400 billion for the 2004-13 period.

The Senate amendment also assumes savings of \$7.9 billion dollars over 10 years in Medicare from the passage of medical liability reform. The Congressional Budget Office has determined that limits on medical malpractice litigation would lower the cost of malpractice insurance for physicians, hospitals, and other health care providers and organizations. That reduction in insurance costs would, in turn, lead to lower charges for health care services and procedures, and ultimately, to a decrease in rates for health insurance premiums.

### ***Conference Agreement***

The Conference Agreement calls for \$266.0 billion in BA and \$266.3 billion in outlays in fiscal year 2004, \$1,583.3 billion in BA and \$1,583.4 billion in outlays over 5 years, and \$3,867.7 billion in BA and \$3,867.6 billion in outlays over 10 years.

The Conference Agreement includes separate Medicare reserve funds for the House and Senate, each of which provides of \$7 billion in fiscal year 2004 and \$400 billion over 10 years. The \$400-billion level is equal to the amount the President proposed in his fiscal year 2004 budget.

The Conference Agreement also assumes savings of \$11.2 billion over 10 years in Medicare from the passage of medical liability reform legislation. This amount reflects the updated cost estimate from the Congressional Budget Office for the 108<sup>th</sup> Congress.

## **INCOME SECURITY: FUNCTION 600**

### ***Function Summary***

The Income Security function includes most of the Federal Government's income support programs. These include: general retirement and disability insurance (excluding Social Security) – mainly through the Pension Benefit Guaranty Corporation [PBGC] – and benefits to railroad retirees. Other components are Federal employee retirement and disability benefits (including military retirees); unemployment compensation; low-income housing assistance, including section 8 housing; food and nutrition assistance, including food stamps and school lunch subsidies; and other income security programs.

This last category includes: Temporary Assistance to Needy Families [TANF], the Government's principal welfare program; Supplemental Security Income [SSI]; spending for the refundable portion of the Earned Income Credit [EIC]; and the Low Income Home Energy Assistance Program [LIHEAP]. Agencies involved in these programs include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Social Security Administration (for SSI), and the Office of Personnel Management (for Federal retirement benefits).

Over the period 1998-03, BA in the function has had an average annual increase of 6.4 percent.

### ***House Resolution***

The House resolution calls for \$315.9 billion in BA and \$321.6 billion in outlays in fiscal year 2004. The function totals are \$1,658.0 billion in BA and \$1,672.7 billion in outlays over 5 years, and \$3,524.3 in BA and \$3,543.0 in outlays over 10 years. The reauthorization of the contingency fund in the TANF program causes a one-time spike in BA and outlays during fiscal year 2003 relative to the remaining period of the reauthorization.

The resolution assumes that the TANF block grant, as well as the related child care entitlement to States and other elements of the 1996 welfare reform law will be reauthorized during fiscal year 2003 as passed by the House on 13 February 2003 in the Personal Responsibility, Work, and Family Promotion Act of 2003, which accommodates an additional \$2.4 billion in mandatory spending above the baseline for these programs over 5 years (2003-08). The resolution allows for an additional \$1 billion over 5 years above current law for the mandatory child care entitlement to States.

The resolution also accommodates the President's proposal to offer States an

optional block grant for foster care payments. The resolution assumes \$6.9 billion in 2004 for Foster Care and Adoption Assistance, including the Independent Living program, which provides assistance to youths who are aging out of foster care.

The resolution assumes a decline in Unemployment Insurance benefit payments in fiscal year 2004, relative to 2003, because extended Federal Unemployment Insurance benefits enacted on 8 January 2003 will terminate on 31 May 2003, and because economic assumptions assume a drop in the unemployment rate in 2004.

The resolution seeks to reduce erroneous overpayments in SSI by accommodating \$1.4 billion to conduct Continuing Disability Reviews [CDRs] of SSI Disability recipients to ensure that they are sufficiently disabled to remain eligible for benefits.

The resolution assumes the outlay portions of refundable tax credits contained in the President's economic growth package of tax incentives, together with the outlay effects of making refundable tax credit policies of the 2001 tax cuts permanent. Outlays are assumed for the Earned Income Tax Credit and the Child Tax Credit under these provisions.

The resolution also assumes enactment of legislation such as H.R. 4069 (from the 107<sup>th</sup> Congress), providing for enhancement of Social Security benefits for women.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes \$45.7 billion in BA and \$51.5 billion in outlays for 2004. This represents an increase of \$1.7 billion in BA and \$763 million in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

The Senate amendment includes an additional \$9 million for the Employee Benefit Security Administration for pension protection and employer education.

The Senate amendment incorporates the administration's plan to reform the Federal Employee Compensation Act. These changes will save taxpayers approximately \$80 million over 10 years.

The Senate amendment incorporates a debt restructuring and interest refinancing plan for the Black Lung Trust Fund.

The Senate amendment includes the President's proposal for food and nutrition funding totaling \$41.7 billion for 2004. The Senate amendment increases funding for the Women's Infant and Children program by \$73 million, or 1.6 percent

more than 2003.

The Senate amendment assumes reauthorization the Personal Responsibility and Work Act and therefore assumes an increase above the President's request for the Child Care Development Block Grant. The Senate amendment assumes an increase for 2004 of \$214 million over the 2003 level, a 10.2-percent increase.

The Senate amendment includes the President's proposal to eliminate a discretionary limit on administrative expenditures for the Pension Benefit Guarantee Corporation.

Under the Senate amendment, sufficient budget authority is provided to renew all utilized section 8 housing contracts as contemplated in the 2003 Omnibus Appropriations Bill.

Among mandatory programs in this function, the Senate amendment assumes the President's request to reauthorize the landmark 1996 welfare reform legislation, which replaced the 60 year-old Aid to Families with Dependent Children program with the Temporary Assistance to Needy Families block grant. The Senate amendment also assumes the President's priority to promote healthy marriages, fatherhood and family formation. The Senate amendment is supportive of efforts to capitalize and develop the role of sustainable social services, such as Goodwill, which are critical to the success of moving welfare recipients to work.

The Senate amendment assumes an increase of \$200 million annually above the baseline in the Child Care Entitlement to States.

The Senate amendment also assumes aspects of the President's proposal to enhance Child Support Enforcement collections. Child Support Enforcement efforts will increase collections and direct more of the support collected to children and families.

The Senate amendment assumes the President's Foster Care and Adoption Assistance proposal, providing States with increased flexibility to better design their child welfare system that supports services to families in crisis and children at risk.

### ***Conference Agreement***

The conference agreement calls for spending of \$319.5 billion in BA and \$324.8 billion in outlays in 2004, and \$1,706.1 billion in BA and \$1,720.0 billion in outlays over the period 2004-08. Over the period 2004-13, the agreement calls for spending of \$3,686.9 billion in BA and \$3,703.5 billion in outlays.

The conference agreement assumes reauthorization of TANF at the level

requested by the President, which is largely consistent with H.R. 4 as passed by the House on 13 February, 2003. It also provides \$2.0 billion above the baseline level for the mandatory Child Care Entitlement to States, as assumed in the Senate budget resolution. The Agreement assumes funding for the incentive to States to reform child welfare programs as proposed by the President. It also assumes savings from pre-effectuation reviews of applications for Supplemental Security Income benefits.



## **SOCIAL SECURITY: FUNCTION 650**

### ***Function Summary***

Function 650 consists of the Social Security Program, or Old Age, Survivors, and Disability Insurance [OASDI]. Under provisions of the Congressional Budget Act and the Budget Enforcement Act, Social Security trust funds are “off budget.” Nevertheless, a small portion of spending in Function 650 – specifically a portion of the budget for the Office of the Inspector General of the Social Security Administration [SSA], the quinquennial adjustment for World War II veterans, and general fund transfers of taxes paid on Social Security benefits – are on budget.

### ***House Resolution***

Total on-budget spending in the House resolution is \$14.2 billion in BA and outlays.

### ***Senate Amendment***

The Senate amendment assumes the on-budget totals for Social Security will be \$14.3 billion in BA and outlays for 2004 and \$223.8 billion in BA and outlays over 2004-13. The Senate amendment assumes discretionary spending in this function, for the administrative expenses of the Social Security Administration, would total \$4.3 billion in BA and \$4.2 billion in outlays for 2004. This represents an increase of \$0.4 billion, or 11.7 percent, in BA above the 2003 level. The Senate amendment assumes no mandatory increases or decreases in this function.

### ***Conference Agreement***

The Conference Agreement calls for on-budget amounts as follows: \$14.3 billion in BA and outlays in 2004; \$83.8 billion in BA and outlays for 2004-08; and \$223.8 billion in BA and outlays over the 2004-13 period. The House accepts the Senate’s method of recording certain pension offsets.

## **VETERANS BENEFITS AND SERVICES: FUNCTION 700**

### ***Function Summary***

The Veterans Benefits and Services function includes funding for the Department of Veterans Affairs [VA], which provides benefits to veterans who meet various eligibility rules. Benefits range from income security for veterans, principally disability compensation and pensions; veterans education, training, and rehabilitation services; hospital and medical care for veterans; and other veterans' benefits and services, such as home loan guarantees. There are about 25 million veterans, but over the next 20 years this number will decline by one-third, to about 17 million.

### ***House Resolution***

The House resolution calls for \$61.6 billion in BA and \$61.1 billion in outlays in fiscal year 2004, an increase of 5.4 percent in BA compared with fiscal year 2003. The function totals are \$319.5 billion in BA and \$318.2 billion in outlays over 5 years; and \$671.7 billion in BA and \$668.9 billion in outlays over 10 years.

The resolution supports a \$1.3-billion increase in veterans medical care. It assumes the expansions and revisions of mandatory benefits proposed by the administration's fiscal year 2004 budget, as well as: continuation of Dependency and Indemnity Compensation for surviving spouses who remarry after age 55; an increase in auto allowance from \$9,000 to \$11,000 for severely disabled veterans; and accrued benefits for veterans survivors.

### ***Senate Amendment***

The Senate amendment assumes levels for this function of \$63.8 billion in BA and \$63.2 billion in outlays. This represents an increase of 10.7 percent, or \$6.2 billion, in BA. The Senate amendment assumes funding of \$693.7 billion in BA and \$689.2 billion in outlays over 2004-13.

For discretionary spending, the Senate amendment assumes \$30.0 billion in BA and \$29.6 billion in outlays for 2004. This represents an increase of 12.9 percent, or \$3.4 billion, in BA over the 2003 level. The Senate amendment proposes to refocus resources to benefit higher priority veterans.

The Senate amendment proposes total net funding of \$29.0 billion for the Department of Veterans Affairs [VA] medical programs. This is an increase of 14.6 percent, or \$3.7 billion, above the 2003 enacted level, and the largest increase for medical care in the past 5 years. This increase will help the VA in its

mission to provide medical care to its core constituency – low-income and service-connected disabled veterans.

The Senate amendment assumes the enactment of legislation to establish the President's proposed \$250 enrollment fee for priority level 7 and 8 veterans. Priority 7 and 8 veterans have ailments that are not service connected and have a higher income than other veterans using the VA hospitals. The enrollment fee would generate offsetting receipts of \$102 million in 2004 for the Medical Care Collections Fund [MCCF].

The Senate amendment also assumes legislation will be enacted to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans to \$20 and \$15, respectively, as proposed by the President. In addition, the Senate amendment reflects the President's proposal to eliminate both the insurance and prescription drug co-payment for priority level 2 through 5 veterans. These changes in the prescription drug and insurance co-payments would yield offsetting receipts of \$224 million in 2004 into MCCF.

For mandatory veterans programs, the Senate amendment assumes the President's proposal to enact legislation to restore the original interpretation of section 1110 of title 38 U.S. Code will be enacted. Section 1110 prohibits compensation for alcohol or drug abuse that arises secondarily from a service connected disability. In February 2001, the U.S. Court of Appeals decided that section 1110 did not preclude compensation for alcohol or drug abuse arising secondarily from a service connected disability. This proposal would save \$71 million over 10 years.

### ***Conference Agreement***

The Conference Agreement calls for \$63.8 billion in BA and \$63.2 billion in outlays in fiscal year 2004. The function totals are \$327.9 billion in BA and \$325.6 billion in outlays over 5 years; and \$693.9 billion in BA and \$689.4 billion in outlays over 10 years. The Agreement assumes no revisions in mandatory programs.

The Conference Agreement provides for discretionary BA of \$29.96 billion for fiscal year 2004, an increase of \$3.4 billion, or 12.9 percent – nearly all of which is expected to be for Department of Veterans Affairs [VA] medical programs. An increase of this magnitude will help the VA in its mission to provide medical care to its core constituency – low-income and service-connected disabled veterans, as well as the cost of medical care for combat veterans returning from Iraq in accordance with Public Law 105-368.

## **ADMINISTRATION OF JUSTICE: FUNCTION 750**

### ***Function Summary***

Function 750 supports the majority of Federal justice and law enforcement programs and activities. This includes funding for the Department of Justice, much of the newly formed Department of Homeland Security [DHS], as well as the financial law enforcement activities of the Department of the Treasury, Federal courts and prisons, and criminal justice assistance to State and local governments.

### ***House Resolution***

The House resolution calls for \$37.3 billion in BA and \$40.9 billion in outlays for this function for fiscal year 2004. The function totals over 10 years are \$404.2 billion in BA and outlays.

The House resolution fully funds the Department of Homeland Security [DHS] components reflected in this function, including: securing the Nation's borders; enhancing Federal, State, and local law enforcement efforts; stopping terrorist financing; and bringing terrorist conspirators to justice.

The resolution also provides for \$18.7 billion in discretionary funding for the Department of Justice, and thus allows for the hiring of 2,170 new employees, including 1,911 new FBI personnel.

Also in this function, the resolution assumes \$9 million for the mandatory costs associated with creating 62 new Federal judgeships and extending five existing bankruptcy judgeships.

### ***Senate Amendment***

The Senate amendment assumes funding for this function will total \$37.8 billion in BA and \$40.9 billion in outlays. This represents a decrease of 2.0 percent, or \$0.8 billion, in BA from 2003. The Senate amendment assumes funding of \$406.4 billion in BA and \$408.7 billion in outlays over 2004-13.

For discretionary programs, the Senate amendment assumes \$33.7 billion in BA and \$37.6 billion in outlays for 2004. This represents a decrease of \$2.6 billion in BA from the 2003 level. The Senate amendment includes the following specific assumptions.

For the Department of Homeland Security, the Senate amendment assumes \$5.6 billion in discretionary funds in 2004 for the Bureau of Customs and Border

Protection, an increase of \$800 million (16.7 percent) more than in 2003. For the DHS Bureau of Immigration and Customs Enforcement, the Senate amendment assumes \$1.4 billion for 2004, an increase of \$0.3 billion or 26 percent more than in 2003. The Senate also adopted an amendment to add \$150 million in BA in 2004 and 2005 for additional port security needs.

For the Federal Bureau of Investigation [FBI], the Senate amendment assumes a total of \$4.1 billion, an increase of \$397 million (10.6 percent) from 2003. This increase would be primarily used for intelligence analysts, surveillance personnel, and field investigators, including cybercrime investigators, as well as to support FBI-led interagency task forces.

The Senate amendment also assumes \$500 million for the Office of Domestic Preparedness to be used exclusively for grants to local law enforcement agencies to combat terrorism.

The Senate amendment assumes two mandatory proposals in the President's budget concerning the extension of expiring Customs user fees. If extended, the combined resulting collections would be \$1.3 billion in 2004 and \$17.8 billion through 2013.

### ***Conference Agreement***

The function totals for the Conference Agreement are \$37.6 billion in BA and \$40.8 billion in outlays for fiscal year 2004; \$191.5 billion in BA and \$195.7 billion in outlays over 5 years; and \$406.3 billion in BA and \$408.6 billion in outlays over 10 years.

The Agreement fully funds the President's request for the Department of Justice and the programs and activities of the Department of Homeland Security in Function 750. The Agreement also assumes additional funding for Bankruptcy and other Federal judges.

## **GENERAL GOVERNMENT: FUNCTION 800**

### ***Function Summary***

The General Government function consists of the activities of the Legislative Branch; the Executive Office of the President; general tax collection and fiscal operations of the Department of Treasury (including the Internal Revenue Service [IRS]); the property and personnel costs of the General Services Administration and the Office of Personnel Management; general purpose fiscal assistance to States, localities, the District of Columbia, and U.S. territories; and other general government activities. The IRS accounts for about half of the spending in this function.

### ***House Resolution***

The House resolution calls for \$19.8 billion in BA and \$19.6 billion in outlays in fiscal year 2004, an increase of 8.8 percent in BA compared with fiscal year 2003. The function totals are \$99.3 billion in BA and \$98.9 billion in outlays over 5 years, and \$206.4 billion in BA and \$203.9 billion in outlays over 10 years.

The House Passed resolution accommodates \$500 million for the newly created Election Assistance Commission. It also assumes the President's mandatory spending proposal to pay financial institutions for their services in lieu of providing compensating balances; and continuation of fiscal assistance provided to the Compact of Free Association between the United States Government and the government of the Federated States of Micronesia.

### ***Senate Amendment***

For discretionary programs, the Senate amendment assumes \$17.1 billion in BA and \$16.8 billion in outlays for 2004. This represents an increase of \$1.4 billion in BA from the 2003 level. The Senate amendment includes the following specific assumptions.

The Senate amendment allocates \$10.4 billion for the Internal Revenue Service [IRS], an increase of \$550 million or almost 6 percent over 2003. Of that increase, 50 percent is directed into Tax Law Enforcement [TLE], 23 percent toward Processing Assistance and Management [PAM], and 19 percent for reducing fraud in the Earned Income Tax Credit [EITC] program.

The Senate amendment allocates \$223 million for Payments in Lieu of Taxes [PILT] for 2004, \$23 million more than the President's request. Over the next decade, this translates into an additional \$300 million above the President's request. These payments compensate municipal governments for forgone

revenues stemming from the presence of the Federal Government.

The Senate amendment increases Homeland Security funding within Function 800 by \$214 million in 2004. The additional funds are dedicated to developing the site plan for the new headquarters, converting wireless radio communication to narrowband operations and bolstering security at Federal buildings.

For mandatory programs, the Senate amendment reflects the President's proposal to open ANWR for oil and gas leasing (the total Federal receipts portion appears in Function 950, Offsetting Receipts). The State of Alaska would receive a payment of one-half of the proceeds, or \$1.7 billion in 2006, which is reflected in Function 800.

The Senate amendment assumes that President's \$386 million Financial Agent Services proposal is enacted. Currently, financial institutions that operate major collection and payment programs on behalf of the Federal Government are reimbursed via compensating balances. The President's proposal would instead replace the existing barter arrangement with a more transparent fee-for-service agreement.

In its examination of selected Government programs, OMB determined through the Performance Assessment Rating Tool [PART] that IRS collection efforts do not efficiently utilize its available resources. In response, the President proposes legislation that would permit the IRS to enlist the help of private collection agencies to obtain payment from delinquent taxpayers. The Senate amendment includes \$226 million in mandatory funding in 2004 for this proposal.

### ***Conference Agreement***

The Conference Agreement for Function 800 calls for \$20.2 billion in BA and \$20.1 billion in outlays in fiscal year 2004. The functional totals are \$103.9 billion in BA and \$103.2 billion in outlays over 5 years, and \$221.3 billion in BA and \$218.2 billion in outlays over 10 years.

The Conference Agreement reflects the Senate amendment on funding for PILT.

In fiscal year 2004, the Conference Agreement assumes the President's \$386 million Financial Agent Services proposal is enacted. It also assumes that Compacts of Free Association are ratified and therefore accommodates \$19 million for this purpose in 2004.

## **NET INTEREST: FUNCTION 900**

### ***Function Summary***

Net interest is the interest paid for the Federal Government's borrowing less the interest received by the Federal Government from trust fund investments and loans to the public. Function 900 is a mandatory payment, with no discretionary components.

On-budget BA and outlays for net interest has gone from \$287.8 billion in fiscal year 1998 to \$239.7 billion in fiscal year 2003, a overall decrease of 3.6 percent per year.

### ***House Resolution***

For on-budget interest, the resolution calls for \$256.7 billion in BA and outlays in fiscal year 2004, an increase of 7.2 percent compared with fiscal year 2003. The function totals are 1,659.4 billion in BA and outlays over 5 years, and \$3,910.9 billion in BA and outlays over 10 years. For off-budget interest, it calls for -\$89.8 billion in BA and outlays in fiscal year 2004, a decrease of 6.7 percent compared with fiscal year 2003. The function totals are -\$554.2 in BA and outlays over 5 years, and -\$1,481.3 billion in BA and outlays over 10 years.

The resolution assumes a reduction in interest payments of \$0.3 billion in BA and outlays in fiscal year 2004 and \$5.3 billion in BA and outlays over 10 years. This saving arises from replacing Treasury's compensating balances by a permanent indefinite appropriation (see Function 800) that would result in lower borrowing by the Federal Government.

### ***Senate Amendment***

For 2004, the Senate amendment sets forth on-budget levels of \$255.8 billion in BA and outlays. Over the 2004-2013 period, it provides on-budget amounts of \$3,889.2 billion in BA and outlays.

The Senate amendment assumes two additional policies that affect net interest. The first is the President's proposal to pay financial institutions for their services in lieu of providing compensating balances (discussed in Function 800), which results in lower borrowing by the Federal Government and saves \$5.3 billion in interest over 10 years. The second is the Postal Service pension proposal (discussed in Functions 370 and 950), which results in a reduction in interest received by the Federal Government.



### ***Conference Agreement***

The Conference Agreement calls for on-budget amounts of 259.4 billion in BA and outlays in fiscal year 2004, and \$4,072.6 billion over the 2004-13 period.

## **ALLOWANCES: FUNCTION 920**

### ***Function Summary***

The Allowances function is used for planning purposes to reflect the aggregate budgetary effects of proposals or assumptions that relate to programs in other budget functions. Once such changes are enacted, the budgetary effects are distributed to the appropriate budget functions.

There is no spending history in Function 920 for the reason mentioned above.

### ***House Resolution***

The House resolution calls for -\$1.1 billion in BA and -\$0.6 billion in outlays in fiscal year 2004, all of it in discretionary spending. The function totals are -\$1.1 billion in BA and outlays for both the 5-year and the 10-year periods. There are offsets in Functions 500 and 700: \$0.2 billion in BA and outlays in Function 500, for Impact Aid; and -\$1.1 billion in BA and outlays in Function 700 to match the function total with the President's.

### ***Senate Amendment***

The Senate Amendment assumes levels for this function would total -\$16.1 billion in BA and -\$8.3 billion in outlays for 2004. Initially, the Committee-reported resolution only assumed discretionary effects in this function (totaling -\$3.9 billion in BA and -\$3.6 billion in outlays for 2004). These assumptions reflected removal of the effects of pay annualization in the baseline (which would reduce discretionary BA by about \$2 billion annually); an alternate growth scenario for the path of nondefense discretionary spending after 2008 (the last year of the President's 2004 budget); and an unspecified offset for an increase in veterans medical care.

During consideration of the Committee-reported resolution, the Senate adopted 10 amendments that provided unspecified discretionary offsets in Function 920 for specific assumptions affecting other portions of the budget, and one amendment for an unspecified mandatory offset in Function 920 for spending increases in Functions 450 and 500.

### ***Conference Agreement***

The Agreement calls for -\$7.6 billion in BA and \$22.3 billion in outlays in fiscal year 2004.

## **UNDISTRIBUTED OFFSETTING RECEIPTS: FUNCTION 950**

### ***Function Summary***

Offsetting Receipts recorded in this function are either intragovernmental (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some kind of business transaction with the Government). The main types of receipts recorded in this function are: the payments Federal employers make to employee retirement trust funds; payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf; and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum. These receipts are treated as mandatory negative spending.

### ***House Resolution***

The House resolution calls for -\$52.9 billion in BA and outlays for this function in fiscal year 2004, reflecting a -\$2.4 billion, or -4.8 percent, increase in receipts (or decrease in spending) compared to the fiscal year 2003 budget. This amount is the baseline for offsetting receipts increased by the reduction (\$2.7 billion) in the Postal Service's contribution to the Civil Service Retirement System. Over the 2004-08 period, BA and outlays are to further decrease by \$16.1 billion due to an average increase for receipts of 5.7 percent per year. Over 10 years, receipts are to total -\$676.0 billion in BA and outlays.

*On-Budget Receipts.* The resolution calls for -\$42.9 billion in BA and outlays in fiscal year 2004, a decrease of 4.4 percent in BA compared with fiscal year 2003. The function totals are -\$255.0 billion in BA and outlays over 5 years, and -\$539.4 billion in BA and outlays over 10 years. Over the 2004-08 period, on-budget BA and outlays further decrease an average of 5.4 percent per year.

*Off-Budget Receipts.* The resolution assumes -\$10.0 billion in BA and outlays in fiscal year 2004, a decrease of 6.6 percent in BA compared with fiscal year 2003. The off-budget function totals -\$57.6 billion in BA and outlays over 5 years, and -\$136.5 billion in BA and outlays over 10 years. Over the 2004-08 period, BA and outlays further decrease an average of 6.8 percent per year. The off-budget receipts in this function are agencies' payments to the Social Security trust funds at baseline.

### ***Senate Amendment***

The Senate amendment assumes additional offsetting receipts of \$2.15 billion over the 2004-13 period, consistent with opening up the 1002 area of the Arctic National Wildlife Refuge for oil exploration and production in order to decrease our dependence on foreign oil (the payment of a share of these receipts to the

State of Alaska is reflected in Function 800). An amendment to the Committee-reported resolution adopted by the Senate struck the reconciliation instruction to the Senate Energy Committee to report legislation producing that level of savings.

The Senate amendment also assumes legislation (S.380, as cleared for the President on 8 April 2003) that would reduce the Postal Service payment to the Civil Service Retirement [CSRS] trust fund for 2003-05, but then would reinstate and redirect the payment to an escrow fund until Congress can enact subsequent law regarding how the Postal Service should address its retiree health liabilities and other concerns. This proposal would increase the unified deficit by \$7.3 billion over the 2003-13 period. The budgetary effect on the Postal Service is reflected in Function 370, and the effect on the receipts of the CSRS fund are shown in this function (a small interest effect appears in Function 900).

The Senate amendment assumes the President's proposals to extend the authority of the Federal Communications Commission to auction spectrum (which would otherwise expire at the end of 2007) and to impose an efficiency fee on users of spectrum not acquired through Federal auction.

### ***Conference Agreement***

*On-Budget Receipts.* For these receipts, the Agreement assumes -\$42.9 billion in BA and outlays in fiscal year 2004; -\$250.2 billion over 5 years; and -\$540.2 billion over 10 years.

*Off-Budget Receipts.* The Agreement assumes -\$10.0 billion in BA and outlays in fiscal year 2004; -\$57.6 billion over 5 years; and -\$136.5 billion over 10 years.

The Agreement assumes extended authority to auction the electromagnetic spectrum. It makes no assumption concerning the Arctic National Wildlife Refuge.

## RECONCILIATION INSTRUCTIONS

Under section 310(a) of the Congressional Budget Act, the budget resolution may include directives to the committees of jurisdiction to make revisions in law necessary to accomplish a specified change in spending or revenues. If the resolution includes directives to only one committee of the House or Senate, then that committee is required to directly report to its House legislative language of its design that would implement the level of spending or revenue changes provided for in the resolution. Any bill considered pursuant to a reconciliation instruction is subject to special procedures set forth in sections 310 and 313 of the Budget Act.

### ***House Resolution***

#### *Section 201. Reconciliation*

Section 201 provides for two different reconciliation bills. The first reconciliation bill is designed to stimulate economic growth and to simplify and reform the tax system. It has two separate directives: The Committee on Ways and Means must reduce the total level of revenues by not more than \$35.4 billion for fiscal year 2003, \$112.8 billion for fiscal year 2004, \$387.7 billion for the period of fiscal years 2004 through 2008, and \$662.8 billion for the period of fiscal years 2004 through 2013. It must also increase the level of direct spending by \$4.4 billion in outlays for fiscal year 2003, \$1.1 billion in outlays for fiscal year 2004, \$17.4 billion in outlays for the period of fiscal years 2004 through 2008, and \$23.1 billion in outlays for the period of fiscal years 2004 through 2013. It also requires the Education and the Workforce to increase direct spending by \$3.6 billion for FY2003. These changes must be transmitted to the Budget Committee by 11 April 2003.

The House resolution also instructs 13 committees to reduce spending on programs within their jurisdiction to the Budget Committee by 18 July 2003. The intent of the instruction is to reduce instances of waste fraud and abuse in these program areas. The committees may choose their own methods of complying with the directives. The committees are as follows: Agriculture, Education and the Workforce, Energy and Commerce, Financial Services, Government Reform, House Administration, International Relations, the Judiciary, Resources, Science, Transportation and Infrastructure, Veterans Affairs, and the Ways and Means. Each committee is required to reduce its spending by one percent.

### ***Senate Amendment***

#### *Section 104. Reconciliation in the Senate*

The Senate amendment instructs the Finance Committee to report legislation by 8 April 2003 to reduce revenues by \$322.5 billion over 2003-2013 and to increase direct spending related to tax policy changes by \$27.5 billion over 2003-2013 (reflected in function 600). The Committee-reported resolution had reconciled

the Finance Committee for a reduction in revenues and an increase in outlays consistent with President Bush's jobs and growth tax relief plan – \$725.8 billion over the 2003-2013 period. During consideration of the Committee-reported resolution, the Senate adopted several amendments that reduced the revenue reconciliation instruction to the Finance Committee.

### ***Conference Agreement***

#### *Section 201. Reconciliation for Economic Growth and Tax Simplification and Fairness*

Section 201(a) of the Conference Agreement includes a reconciliation directive to the House Ways and Means Committee to report legislation by 8 May 2003 to stimulate economic growth and to simplify and reform the tax system. The committee must reduce the total level of revenues by not more than \$535.0 billion for the period of fiscal years 2003 through 2013, and to increase direct spending related to tax policy changes by \$15.0 billion over 2003-2013

Section 201(b) of the Conference Agreement instructs the Senate Finance Committee to report legislation by 8 May 2003 to reduce revenues by \$522.524 billion over 2003-2013 and to increase direct spending related to tax policy changes by \$27.476 billion over 2003-2013 (reflected in function 600).

#### *Section 202. Limit on Senate Consideration of Reconciliation*

Section 202 of the Conference Agreement limits initial Senate consideration of a reconciliation bill reported pursuant to Section 201, or any amendment thereto, to no more than \$322.524 billion in revenue reductions and \$27.476 billion in outlay increases for the period of fiscal years 2003 through 2013, enforced by a 60-vote point of order. The limitation would not apply to a conference report on legislation considered pursuant to this Title.

## **SUBMISSIONS TO ELIMINATE WASTE, FRAUD, AND ABUSE**

### *Section 301. Submissions To Eliminate Waste, Fraud, and Abuse*

Section 301 of the Conference Agreement requires authorizing committees in the House and the Senate to submit findings to the appropriate Budget Committee identifying instances of waste fraud and abuse in programs within their jurisdiction sufficient to reduce outlays by an amount to be specified by the chairmen of the Budget Committees. Such a specified amount must be inserted in the Congressional Record by 19 May 2003. The findings of the authorizing committees must be submitted to the Budget Committees by 2 September 2003. These findings will be used by the Budget Committees in the development of future budget resolutions.

In the House, the authorizing committees directed to report these findings are: Agriculture, Armed Services, Education and the Workforce, Energy and Commerce, Financial Services, Government Reform, House Administration, International Relations, Judiciary, Resources, Science, Small Business, Transportation and Infrastructure, Veterans' Affairs, and Ways and Means.

In the Senate, the authorizing committees directed to report these findings are: Agriculture, Nutrition and Forestry; Armed Services; Banking, Housing, and Urban Affairs; Commerce, Science, and Transportation; Energy and Natural Resources; Environment and Public Works; Finance; Foreign Relations; Governmental Affairs; Health, Education, Labor, and Pensions; Judiciary; Small Business; Veterans' Affairs; and Indian Affairs.

Finally, the Comptroller-General of the General Accounting Office is directed to submit to the Budget Committees a report identifying instances in which the committees of jurisdiction can make legislative changes to improve the economy, efficiency, and effectiveness of Federal programs. The report must be submitted by 2 September 2003.

## **RESERVE FUNDS, CONTINGENCY PROCEDURES, AND ADJUSTMENTS**

### ***House Resolution***

#### *Section 301. Medicare Modernization and Prescription Drugs*

Section 301 creates a reserve fund for legislation that provides a prescription drug benefit and modernizes Medicare, and provides adjustments to the Medicare program on a fee-for-service, capitated, or other basis. It creates a separate allocation for Medicare and then permits the Chairman of the House Budget Committee to make adjustments to that allocation for such legislation. The committees with jurisdiction over Medicare may report legislation for these purposes, though the adjustment made must be no more than \$7.5 billion in fiscal year 2004 and \$400 billion for fiscal years 2004 through 2013. Pursuant to section 321(d), legislation must be within the allocations provided by the budget resolution in the first year and five-year period. Because of the separate Medicare allocation established in section 301(c), Medicare legislation must be within its allocation in the first year and the ten-year period. For legislation other than Medicare, the applicable allocation is for the first and five-year period.

#### *Section 302. Reserve Fund For Medicaid*

Section 302 creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of BA and outlays to the Committee on Energy and Commerce for any measure that combines funding for Medicaid and the State Children's Health Insurance Program [SCHIP]. The purpose of this reserve fund is to ensure, as a condition for setting any increase in the allocation, the bill is deficit neutral over ten years. The adjustments in the allocations may not exceed \$3.3 billion in new BA and outlays for fiscal year 2004; and \$8.9 billion in new BA and outlays for the period of fiscal years 2004 through 2008.

#### *Section 303. Reserve Fund For Bioshield*

In section 303, the Chairman of the House Budget Committee is permitted to adjust the allocation of BA and outlays to the appropriate committees for a bill that establishes a program to accelerate the research, development, and purchase of biomedical threat countermeasures.

The adjustment can accommodate either a discretionary or mandatory program, depending on the structure of the program in the authorizing legislation. If it is mandatory, the adjustment may not exceed \$890 million in new mandatory BA for fiscal year 2004, and \$3.4 billion in new mandatory BA for fiscal years 2004 through 2008. If it is discretionary, the adjustment would be made in the Appropriations Committee's 302(a) allocation for fiscal year 2004 because that allocation is made for only a single fiscal year. If the program includes both mandatory and discretionary components or if two bills are enacted, the maximum adjustment the committee may make in fiscal year 2004 is \$890 million in BA.



### *Section 311: Contingency Procedure for Surface Transportation*

In section 311, the House resolution creates a contingency procedure to permit the Transportation and Infrastructure Committee to increase spending above the level in the budget resolution on highways, highway safety, and transit in the surface transportation reauthorization bill it will consider later this year, should additional resources be made available to the Highway Trust Fund. The offsets may take the form of an increase in receipts to the Highway Trust Fund or a reduction in mandatory outlays from the fund.

Subsection (a) creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of BA to the Committee on Transportation and Infrastructure for any measure that reauthorizes surface transportation programs and provides new BA for highway and transit spending. The Budget Committee Chairman may make an adjustment to its allocation if the Transportation Committee reports a measure that exceeds the amounts specified in section 311. The adjustment may only be made if it is offset by changes in law, either included in same measure, or by previously enacted legislation. The changes in law may effect either direct spending or receipts must be appropriated to the Highway Trust Fund. The adjustment may be made in the BA allocation for fiscal year 2004 and the 5 year period, but the additional resources must offset the additional BA and corresponding outlays in each year.

Subsection (b) creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of outlays to the Committee on Appropriations for any measure that sets total obligation limitations greater than \$38.5 billion for fiscal year 2004 for spending from the Highway Trust Fund. In addition, the amount of the adjustment must be offset by increases in resources dedicated to the Highway Trust Fund in fiscal year 2004 as previously referred to in subsection (a).

### ***Senate Amendment***

In general, a reserve fund permits the Chairman of the Committee on the Budget to increase the section 302 allocation and other appropriate levels set out in this resolution (including in some cases – see sections 211 and 212 – the discretionary spending limits) once certain conditions specified in the reserve fund have been met. The authority to make these adjustments is solely within the discretion of the Chairman and may be made when the specified committee of jurisdiction reports a measure that satisfies all the conditions set out in the reserve fund.

### *Section 211: Adjustment for special education*

The Senate amendment contains a mechanism to make additional resources available to the Committee on Appropriations specifically for the Part B grant program under the Individuals with Disabilities Education Act (IDEA). The mechanism will make available an additional \$205 million for fiscal year 2004 and \$209 million for fiscal year 2005 after enactment of a bill reported by the Committee on Health, Education, Labor and Pensions reauthorizing IDEA and

only if the appropriators provide more than the base amounts described in the reserve. Additionally, the amendment requires the reauthorization bill to provide an allowance of uniform discipline policies for all students; local fiscal relief; and to minimize the over-identification of students with disabilities.

*Section 212: Adjustment for highways and highway safety and transit*

The Senate amendment provides a mechanism to make additional resources available to the appropriate authorizing committees and the Committee on Appropriations for highway and transit programs once the reauthorization of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) is enacted, provided that the reauthorization includes new governmental receipts for the highway trust fund – without increasing the deficit. The amendment makes no assumption with respect to the floor procedures required to bring together the portions of this legislation that fall within the jurisdiction of various committees of the Senate. Therefore the amendment names all three authorizing committees (the Committee on the Environment and Public Works, the Committee on Banking, Housing and Urban Affairs and the Committee on Commerce, Science and Transportation). The amendment further assumes that the additional funding facilitated by this section will be provided in the form of new governmental receipts in a measure reported by the Committee on Finance, net of the 25% income tax offset as is customarily scored by the Joint Committee on Taxation.

*Section 213: Reserve fund for Medicare*

The Senate amendment provides up to \$400 billion for the period of fiscal years 2004 through 2013 for legislation that improves the Medicare program and makes prescription drugs more accessible for those covered by Medicare. During the markup an amendment offered by Senator Feingold was agreed to which provides that the legislation may also promote geographic equity payments. The adjustment may be made only if the Committee on Finance reports a bill that strengthens and enhances the Medicare program as well as improves the access of beneficiaries to prescription drugs or promotes geographic equity.

*Section 214: Reserve fund for health insurance for the uninsured*

The Senate amendment provides up to \$88 billion for the period of fiscal years 2004 through 2013 for legislation that provides health insurance for the uninsured. The adjustment may be made only if the Committee on Finance reports a bill that provides health insurance for the uninsured – which may include a measure providing for tax deductions for the purchase of health insurance for, among others, moderate income individuals not receiving health insurance from their employers.

*Section 215: Reserve fund for children with special needs*

The Senate amendment creates a reserve for legislation that provides states with the option to expand Medicaid coverage for children with special needs. The adjustment may be made only if the Committee on Finance reports a bill that does not exceed \$43 million in new budget authority and \$42 million in outlays

for fiscal year 2004, and \$7.462 billion in new budget authority and \$7.262 billion in outlays for the period of fiscal years 2004 through 2013.

*Section 216: Reserve fund for Medicaid Reform*

The Senate amendment provides up to \$12.782 billion through 2010 for legislation that reforms the Medicaid program. The adjustment may be made only if the Committee on Finance reports a bill that provides significant reform of the Medicaid program. The adjustments may be made only if the Finance Committee reports a bill that does not exceed \$3.258 billion in new budget authority and outlays for 2004, \$8.944 billion in new budget authority and outlays for the period of fiscal years 2004 through 2008, \$12.782 billion in new budget authority and outlays for the period of fiscal years 2004 through 2010, and is deficit neutral for the period of fiscal years 2004 through 2013 .

*Section 217: Reserve fund for Project Bioshield*

The Senate amendment provides up to \$5.593 billion over the life of the resolution for legislation that facilitates procurement for inclusion by the Secretary of Health and Human Services in the Strategic National Stockpile of countermeasures necessary to protect the public health from current and emerging threats of chemical, biological, radiological, or nuclear agents. The adjustments may be made only if the Committee on Health Education, Labor and Pensions reports a bill that provides no more than \$890 million in new budget authority (and \$575 million in outlays) for fiscal year 2004 and \$5.593 billion in new budget authority and outlays for the period of fiscal years 2004 through 2013.

*Section 218: Reserve fund for the state grant program and ANWR receipts*

The Senate amendment provides up to \$250 million per year (beginning in fiscal year 2006) for legislation that provides additional resources for the state grant program funded from the Land and Water Conservation Fund. The adjustment is conditioned upon two events: the enactment of legislation that yields offsetting receipts (reflected in the resolution as a reduction in outlays) from the opening of the Arctic National Wildlife Refuge and subsequent reporting of a bill from the Committee on Energy and Natural Resources that dedicates a portion of these receipts to the Land and Water Conservation Trust Fund for the grant program.

*Section 219: Reserve fund for State Children's Health Insurance Program*

The Senate amendment provides up to \$1.825 billion in new budget authority for legislation that extends the availability to states of expired State Children's Health Insurance Program allotments (from 1998 and 1999) and expiring 2000 allotments. The adjustments may be made only if the Committee on Finance reports a bill that provides no more than \$1.26 billion in new budget authority (and \$85 million in outlays) for fiscal year 2003, \$1.33 billion in new budget authority (and \$85 million in outlays) for fiscal year 2004, \$1.95 billion in new

budget authority (and \$845 million in outlays) for the period of fiscal years 2003 through 2008, and \$1.825 billion in new budget authority (and \$975 million in outlays) for the period of fiscal years 2003 through 2013.

*Section 319: Reserve fund to strengthen Social Security*

Section 319 of the Senate amendment was adopted as part of an amendment that reduced to \$350 billion the reconciliation instruction to the Committee on Finance. It purports to hold in reserve \$396 billion to extend the solvency of the Social Security trust funds, but provides no policy directive for how to accomplish this. On its face, it would permit the Committee on Finance to spend \$396 billion on any program so long as it was part of legislation that for instance, reduced benefits or increased the retirement age, and thus extended solvency.

Past practice has been to include the effect of the policies described in a reserve fund in the functional levels and aggregates of the budget resolution but to withhold the funds from the committee's 302(a) allocation. The language of section 319 does not conform to this model. Rather, it entirely eliminates the \$396 billion from the budget – or in other words, reduces the deficit. If the authority in this section were invoked it would result in a \$396 billion increase in the deficit. It is not clear, how a deficit increase would contribute to the solvency of Social Security trust funds.

*Section 329: Reserve fund for possible military action and reconstruction in Iraq*

Section 329 of the Senate amendment was adopted as part of an amendment that reduced the reconciliation instruction to the Finance Committee by \$100 billion and thus increased taxes by \$10 billion each year 2004 through 2013. It purports to hold this \$100 billion in reserve for the Committee on Appropriations to pay for military action and reconstruction in Iraq over the period of 2003 through 2013. Because this reserve can only be triggered for an appropriations bill, it would more appropriately be a cap adjustment instead of a reserve fund.

Past practice has been to include the effect of the policies described in a reserve fund in the functional levels and aggregates of the budget resolution but to withhold the funds from the committee's 302(a) allocation. The language of section 329 does not conform to this model. Rather it entirely eliminates the \$100 billion from the budget – or in other words, it reduces the deficit by that amount over the 10-year period ending in 2013. If the authority in this section were invoked, it would result in up to a \$100 billion increase in the deficit.

***Conference Agreement***

*Section 401. Reserve Fund for Medicare*

Section 401 of the Conference Agreement permits the appropriate Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) for Medicare-related legislation.

Section 401(a) of the Conference Agreement establishes a Medicare reserve fund for the House. The reserve fund permits the Chairman of the Committee on the Budget to adjust the levels in the budget resolution to accommodate certain Medicare-related legislation. The Chairman may make an adjustment to the separate Medicare allocation to the Ways and Means Committee and the Energy and Commerce Committee for legislation that provides a prescription drug benefit and modernizes Medicare, and provides adjustments to the Medicare program on a fee-for-service, capitated, or other basis. The amount of the adjustment for this legislation may not exceed \$7.0 billion in budget authority and outlays for fiscal year 2004 and \$400 billion in budget authority and outlays for fiscal years 2004 through 2013. The adjustment is made to the separate allocation for Medicare, regardless of the committee that reports the measure.

Section 401(b) of the Conference Agreement sets forth a Medicare reserve fund for the Senate and also provides up to \$400 billion for the period of fiscal years 2004 through 2013 for legislation that improves the Medicare program and makes prescription drugs more accessible for those covered by Medicare. The legislation may also promote geographic equity payments. The Chairman of the Committee on the Budget may make an adjustment only if the Committee on Finance reports a bill that strengthens and enhances the Medicare program as well as improves the access of beneficiaries to prescription drugs and does not exceed \$7.0 billion in new budget authority and outlays for fiscal year 2004 and \$400 billion fiscal years 2004-2013.

The Senate conferees recognize the need to enhance both the benefits and structure of the Medicare program in order to provide a better system for seniors. In addition to providing an integrated prescription drug benefit, the Conferees support efforts to take advantage of competition in order to enhance seniors' medical benefits which are currently lacking in our present system. This could include access to preventive care services, disease management and catastrophic protection against high hospital costs.

While considering benefit expansions, however, it is critical to recognize the long-term unfunded promises in the Medicare program. The President's budget submission includes sobering information on the extent of Medicare's long-term unfunded promises. According to the Medicare Trustees' most recent report, the Hospital Insurance Trust Fund is expected to be exhausted in 2026 – four years earlier than estimated in the 2002 report.

Medicare actuaries project a 75-year unfunded promise to the HI fund of \$5 trillion. However, this only tells half the story. It does not include the Part B program. Medicare beneficiary premiums only cover 25 percent of these costs. The remaining 75 percent of expenses are not covered by any specific or dedicated financing source. The Senate conferees believe it is artificial to separate Part A and B. Policy makers must look at the total expenditures for Medicare. From this perspective Medicare's unfunded promises are \$13 trillion.

#### *Section 402. Reserve Fund for Medicaid Reform*

Section 402 of the Conference Agreement includes a reserve fund to reform the

Medicaid program. Both the House resolution and the Senate amendment included reserve funds this general purpose. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the appropriate committee allocations of the Committee on Energy and Commerce in the House, or the Committee on Finance in the Senate, and other budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that modernizes Medicaid. The adjustments in the allocations may not exceed \$3.258 billion in new BA and outlays for fiscal year 2004; and \$8.944 billion in new BA and outlays for fiscal years 2004 through 2008, and \$12.782 billion for fiscal years 2004 through 2010.

*Section 403. Reserve Fund for State Children's Health Insurance Program*

Section 403 of the Conference Agreement retains the reserve fund for the extension of the State Children's Health Insurance Program [SCHIP] included in section 219 of the Senate amendment. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the committee allocations for the Committee on Ways and Means in the House, or the Committee Finance in the Senate, and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that extends the availability of expired and expiring allotments of the State Children's Health Insurance Program [SCHIP]. The adjustments in the allocations may not exceed \$1.260 billion in new BA and \$85 million in outlays for fiscal year 2003; \$1.350 billion in new BA and \$105 million in outlays for fiscal year 2004; \$1.355 billion in new BA and \$1.425 million in outlays for fiscal year 2004 through 2008; and \$1.355 billion in new BA and \$1.680 million in outlays for the period of fiscal years 2004 through 2013.

*Section 404. Reserve Fund for Bioshield*

Section 404 of the Conference Agreement establishes separate procedures in the House and the Senate reserving amounts for legislation providing countermeasures to international terrorism.

Section 404(a) of the Conference Agreement adopts the reserve fund for bioshield included in section 303 the House resolution. The reserve fund permits the House Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for a reported measure (and amendments thereto, or any conference report thereon) that establishes either a new mandatory or discretionary program to accelerate the research, development, and purchase of biomedical threat countermeasures. If the program established is mandatory, the adjustment may not exceed \$890 million in new mandatory BA for fiscal year 2004, and \$3.418 billion in new BA and outlays for fiscal years 2004 through 2008. If the program authorized is discretionary, the adjustment may not exceed \$890 million in new mandatory BA for the measure appropriating funds for the new program. If the program includes both mandatory and discretionary components or if two bills are enacted, the maximum

adjustment the chairman may make in fiscal year 2004 is \$890 million in BA.

Section 404(b) of the Conference Agreement adopts the reserve fund for bioshield included in section 217 of the Senate Amendment with minor modifications. The reserve fund permits the appropriate Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that establishes a new mandatory program to accelerate the research, development, and purchase of biomedical threat countermeasures. For the adjustment to take place, the measure may provide no more than \$890 million in new mandatory BA and \$575 million in outlays for fiscal year 2004, and \$5.593 billion in new mandatory BA and outlays for fiscal years 2004 through 2013.

*Section 405. Reserve Fund for Health Insurance for the Uninsured*

Section 405 of the Conference Agreement retains the Senate reserve fund for health insurance for the uninsured included in section 214 of the Senate amendment. The reserve fund permits the Chairmen of the respective Budget Committees to adjust the allocation of BA and outlays to the appropriate committee of jurisdiction in the House, or the Committee on Finance in the Senate, for any measure that provides health insurance for the uninsured (including a measure providing for tax deductions for the purchase of health insurance for, among others, moderate income individuals not receiving health insurance for from their employers). The adjustments in the allocations may not exceed \$28.5 billion in new BA and outlays for fiscal years 2004 through 2008, and \$50 billion in new BA and outlays for the period of fiscal years 2004 through 2013.

*Section 406. Reserve Fund for Children With Special Needs*

Section 406 of the Conference Agreement retains the reserve fund for children with special needs included in section 215 of the Senate amendment and which was accommodated in the allocations in the House resolution. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the committee allocations for the Committee on Energy and Commerce in the House, or the Committee on Finance in the Senate, and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that provides states with the option to expand Medicaid coverage for children with special needs, allowing families of disabled children to purchase coverage under the Medicaid program for such children. The adjustments in the allocations may not exceed \$43 million in BA and \$42 million in outlays for fiscal year 2004, \$1.627 billion in BA and \$1.566 billion in outlays for the period of fiscal years 2004 through 2008, and \$7.462 billion in BA and \$7.262 billion in outlays for the period of fiscal years 2004 through 2013.

*Section 411. Contingency Procedure for Surface Transportation*

Section 411 of the Conference agreement establishes a separate contingency

procedure for the Highway Trust Fund, which will be reauthorized this session of Congress. The contingency procedure, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to accommodate legislation providing additional highway spending to the extent it is offset by additional revenues or a reduction in mandatory spending in the Highway Trust Fund. The procedure permits the Budget Committee Chairmen to increase the 302(a) allocation of the Committee on Transportation and Infrastructure in the House, or the Committee on Environment and Public Works, the Committee on Banking, Housing, and Urban Affairs, or the Committee on Commerce, Science, and Transportation in the Senate, for legislation that provides in excess of the level assumed in the budget resolution but only to the extent to which it has been offset by new revenue or savings in mandatory outlays. The offsets must be dedicated to the Highway Trust Fund and can be made in the same measure or legislation enacted earlier in the 108<sup>th</sup> Congress. In view of the fact that outlays are determined by obligation limits, subsection (a) also permits the chairman to make a corresponding change in outlays for the committee setting the obligation limits. Again, legislation must have first been enacted to offset the increase in contract authority.

*Section 421. Supplemental Appropriations for Fiscal Year 2003*

If a measure making supplemental appropriations for fiscal year 2003 is enacted before May 1, 2003, the Chairmen of the Committees on the Budget are permitted to adjust the appropriate allocations and aggregates of budget authority and outlays in the budget resolution to reflect the difference between that measure and the levels assumed in that resolution. The Conference Agreement reflects the President's requested level of \$74.7 billion.



## **BUDGET ENFORCEMENT**

Under section 301 of the Budget Act, the budget resolution may include special procedures to enforce the spending and revenue levels contained in the resolution and the allocations found in the accompanying joint statement of managers.

### ***House Resolution***

#### *Section 301(c). Medicare 302(a) Allocation*

Section 301(c) creates a Medicare allocation to the Ways and Means Committee and Energy and Commerce Committee. Legislation changing the Medicare program must be offset in the first year and the 10-year period. This allocation may be increased should a reserve fund for specific Medicare modernization legislation be released. Such a measure must provide less than \$7.5 billion in the first year, and no more than \$400 billion over ten years. If a measure receiving a Medicare allocation adjustment also includes budget authority not directly related to Medicare modernization, that non-Medicare spending will be compared to the committee of jurisdiction's allocation.

#### *Section 321. Application and Effects of Changes In Allocations and Aggregates*

This section sets forth the procedures for making adjustments pursuant to the reserve funds included in this resolution. Subsection (a)(1) and (2) provide that the adjustments may only be made during the interval that the legislation is under consideration and do not take effect until the legislation is actually enacted. This is approximately consistent with the procedures for making adjustments for various initiatives under section 314 of the Congressional Budget Act. Subsection (a)(3) provides that in order to make the adjustments provided for in the reserve funds, the chairman of the House Budget Committee is directed to insert these adjustments in the Congressional Record.

Subsection (b) clarifies that any adjustments made under any of the reserve funds in the resolution have the same effect as if they were part of the original levels set forth in section 101. Therefore the adjusted levels are used to enforce points of order against legislation inconsistent with the allocations and aggregates included in the concurrent resolution on the budget.

Subsection (c) clarifies that the House Budget Committee determines the levels and estimates used to enforce points of order, as is the case for enforcing budget-related points of order, and the determination is made pursuant to section 312 of the Budget Act. This section of the Budget Act provides the chairman of the Budget Committee with the authority to advise the chairman of the House on the appropriate levels and estimates related to legislation being considered on the floor.

Subsection (d) provides for five-year enforcement periods. Though the authorizing committees receive a 10-year allocation, under Section 321 (d) of the House resolution, the Budget Committee will apply the various relevant

provisions of the Congressional Budget Act for only the first and five-year time period.

*Section 401. Restrictions on Advance Appropriations*

Section 401 imposes a limitation on advance appropriations similar to a provision included in the last several budget resolutions. It does two things: 1) It limits the total amount of advance appropriations; and 2) It limits the accounts for which advanced appropriations may be made. It establishes this procedure with regard to any advance appropriation for fiscal year 2004 and any year thereafter. An exception is provided for those programs specified in the Joint Statement of Managers, but the total advance appropriation must be lower than a specified level. The section defines an 'advance appropriation' as any new discretionary budget authority making general appropriations or continuing appropriations for fiscal year 2004 that first becomes available after 2004. This limitation is enforced by a point of order that may be raised against any measure including an advance appropriation not falling within the exception. The result of the point of order would be to remove the advance appropriation, but the measure would continue to be considered.

*Section 402. Compliance With Section 13301 of the Budget Enforcement Act of 1990*

Section 402 provides authority to include the administrative expenses related to Social Security in the allocation to the Appropriations Committee. This language is necessary to ensure that the Appropriations Committee retains control of administrative expenses through the Congressional budget process. In the 106th Congress, the Joint Leadership of the House and Senate Budget Committees decided to discontinue including administrative expenses in the budget resolution. This change was intended to make the budget resolution consistent with CBO's baseline which does not include administrative expenses for Social Security. At the same time, the Budget Committees believe that these expenses should continue to be reflected in the 302(a) allocations to the Appropriations Committee. Absent a waiver of section 302(a) of the Budget Act, the inclusion of these expenses in the allocation is construed as violating 302(a) of the Budget Act which states that the allocations must reflect the discretionary amounts in the budget resolution (and arguably, section 13301 of the Budget Enforcement Act, which states that Social Security benefits and revenues are off-budget).

***Senate Amendment***

*Section 201. Extension of supermajority enforcement*

The Senate amendment extends the 60-vote requirement for five years (until September 30, 2008), for waivers and appeals with respect to those Budget Act points of order for which this supermajority requirement expired on September 30, 2002 (and was temporarily extended through April 15, 2003 in S. Res. 304, 107<sup>th</sup> Congress).

## *Section 202. Discretionary spending limits in the Senate*

The Senate amendment sets out discretionary spending limits for the Senate for the first two years covered by the budget resolution (FY 2004 and 2005) with respect to both budget authority and outlays. It also sets limits for FY 2003 because no FY 2003 budget resolution was ever adopted. Since the advent of statutory discretionary spending limits in 1990, a majority of budget resolution conference reports have included language dealing with “congressional caps”<sup>1</sup>.

The Senate amendment provides that the following amounts will be the discretionary spending limits:

For fiscal year 2003: \$770.860 billion in new budget authority and \$771.442 billion in outlays for the discretionary category; \$31.264 billion in outlays for the highway category, and \$1.436 billion in new budget authority and \$6.551 billion in outlays for the transit category, for a total of \$772.296 billion in new budget authority and \$809.257 billion in outlays.

For fiscal year 2004: \$788.459 billion in new budget authority and \$797.890 billion in outlays for the discretionary category; \$32.016 billion in outlays for the highway category, and \$2.209 billion in new budget authority and \$6.746 billion in outlays for the transit category, for a total of \$790.668 billion in new budget authority and \$836.652 billion in outlays.

For fiscal year 2005: \$813.597 billion in new budget authority and \$814.987 billion in outlays for the discretionary category; \$34.665 billion in outlays for the highway category, and \$2.544 billion in new budget authority and \$7.109 billion in outlays for the transit category, for a total of \$816.141 billion in new budget authority and \$856.761 billion in outlays.

The Senate amendment also provides for a number of so-called cap adjustments. The cap adjustments permit the Chairman of the Committee on the Budget to increase the spending limit, the section 302(a) allocations to the Committee on Appropriations, and any other appropriate levels in the resolution if an appropriations bill provides additional resources for the programs specified in the adjustment. The Senate amendment provides that spending and allocations may be adjusted for: (1) emergency spending, (2) funding for Part B grants under the

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<sup>1</sup> See: section 12(b) of H. Con. Res. 64 (103<sup>rd</sup> Cong.) the FY 1994 Concurrent Resolution on the Budget; section 24 of H. Con. Res. 218 (103<sup>rd</sup> Cong.) the FY 1995 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 67 (104<sup>th</sup> Cong.) the FY 1996 Concurrent Resolution on the Budget; Section 301 of H. Con. Res. 178 (104<sup>th</sup> Cong.) the FY 1997 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 84 (105<sup>th</sup> Cong.) the FY 1998 Concurrent Resolution on the Budget (all establishing multiyear caps); Section 206 of H. Con. Res. 290 (106<sup>th</sup> Cong.) the FY 2001 Concurrent Resolution on the Budget; Section 203 of H. Con. Res. 83 (107<sup>th</sup> Cong.) the FY 2002 Concurrent Resolution on the Budget (both providing a mechanism to accommodate an increase to the current year’s statutory cap).

Individuals with Disabilities Education Act (IDEA), and (3) highway and transit programs.

These discretionary spending limits are enforced by a 60-vote point of order on two fronts: (1) there will be a point of order against the FY 2005 budget resolution if it exceeds the limits set forth in this resolution (or against any revision to the FY 2004 resolution that does so) and (2) there will be a point of order against any appropriations bill that causes the discretionary limits to be exceeded.

*Section 203. Restriction on advance appropriations in the Senate*

The Senate amendment once again includes language limiting the use of advance appropriations. This restriction was first included in the FY 2001 budget resolution and was included and revised in the FY 2002 resolution as well. The Senate amendment continues to limit advance appropriations to an annual limit of \$23.158 billion with respect to both the FY 2004 and 2005 appropriations bills and to those programs, which are listed in the statement of managers accompanying the conference report on the budget resolution. The amendment also continues the exception for advances with respect to the Corporation for Public Broadcasting.

The list of permissible advances is as follows:

**Accounts Identified for Advance Appropriations**

**Interior**

Elk Hills

**Labor, HHS**

Employment and Training Administration

Education for the Disadvantaged

School Improvement

Children and Family Services (Head Start)

Special Education

Vocational and Adult Education

**Treasury, Postal**

Payment to Postal Service

**Veterans', HUD**

Section 8 Renewals

*Section 204. Emergency Legislation*

With respect to emergency spending, the Senate amendment addresses two issues: the ability to designate spending as an emergency and the restatement of the 60-vote point of order in the Senate with respect to the use of that designation.

The authority to designate spending as an “emergency” existed as a part of the statutory discretionary spending limits and the pay-as-you-go rules set out in sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The purpose of the designation was to create a “safety valve” for unexpected, emergency expenditures with respect to the sequestration mechanism which served as the underlying enforcement mechanism for the caps and PAYGO. With the expiration of section 251 on September 30, 2002 and the de facto expiration of section 252 by virtue of setting the scorecard to zero for all fiscal years, the Senate amendment reestablishes the authority of Congress to designate spending and revenue changes as an emergency. In doing so, the resolution specifies the criteria used in the definition of an emergency and requires committee reports and statements of managers to justify the use of emergency designations vis a vis these criteria. The criteria are as follows:

An expenditure may be designated an emergency if it is –

- (i) necessary, essential, or vital (not merely useful or beneficial);
- (ii) sudden, quickly coming into being, and not building up over time;
- (iii) an urgent, pressing, and compelling need requiring immediate action;
- (iv) unforeseen (see below), unpredictable, and unanticipated;

note: an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen.

If an item of discretionary spending is accompanied by an emergency designation then the discretionary spending limit and the allocation to the Committee on Appropriations will be adjusted accordingly (as well as all other appropriate levels in the resolution). If a revenue reduction or mandatory spending increase is accompanied by an emergency designation, then the committee allocation and the Senate’s pay-go scorecard will be adjusted accordingly (again, as well as all other appropriate levels in the resolution).

The Senate amendment also revises the Senate’s emergency designation point of order. This point of order was first included in the FY 2000 budget resolution. This point of order allows any member to question the use of an emergency designation while the bill, amendment or conference report containing the designation is before the Senate. Once the point of order is made, it will require 60-votes to waive the point of order and keep the designation. If the motion to waive is not successful, the designation is removed from the measure while the spending or revenue provision remains, potentially making the measure subject to a Budget Act point of order, which too would require 60-votes to overcome. The removal of the designation is accomplished by the same method as provided for in the Byrd Rule (section 313 of the Congressional Budget Act).

The language in the Senate amendment differs from past resolutions only to the extent that the references to sections 251 and 252 of the BBEDCA have been replaced with a cross reference to subsection (a) of this section, which provides the authority for the use of the designation. In addition, spending for homeland security programs would be exempt from the point of order as has been the case with defense spending.

*Section 205. Pay-as-you-go point of order in the Senate*

The Senate amendment revises and extends the Senate's pay-as-you-go point of order. The original pay-as-you-go point of order first appeared in the FY 1994 budget resolution. Its most recent incarnation expired in its entirety on September 30, 2002. The point of order was revised and extended in S. Res. 304 (107<sup>th</sup> Congress) through April 15, 2003. S. Res 304 included a new provision within the pay-as-you-go rule making the rule applicable to mandatory spending in appropriation bills in order to prevent the exploitation of the fact that there were no limits on discretionary spending for FY 2003 due to the expiration of the discretionary spending limits and the lack of a FY 2003 budget resolution.

The pay-as-you-go point of order included in the Senate amendment does not retain the expanded application to appropriation bills set out in S. Res. 304. Rather it resembles the previous versions of the rule with one specific exception: it will not apply to any spending or revenue changes that result from the implementation of the reconciliation instruction set out in section 104 of the Senate amendment (up to \$350 billion). It will nonetheless apply to all other mandatory spending and revenue changes provided for in the Senate amendment.

*Section 221. Authority to make adjustments for changes in concepts and definitions*

The Senate amendment provides that upon enactment of legislation that changes the nature of funding of an existing program from discretionary to mandatory (or vice versa), the Chairman of the Committee on the Budget will immediately adjust the levels in this resolution (including the discretionary spending limits) to reflect such a change.

*Section 222. Application and effect of changes in allocations and aggregates*

The Senate amendment contains language identical to section 221 of the FY 2002 budget resolution, which makes clear when adjustments made under Title II of the budget resolution will take effect.

*Section 223. Exercise of Rulemaking Powers*

The Senate amendment includes language identical to section 222 of the FY 2002 budget resolution which simply states Congress' authority to legislate rule of procedure for either chamber.

## ***Conference Agreement***

### ***Section 501. Restrictions on Advance Appropriations***

Section 501 of the Conference Agreement retains the language of both section 401 of the House resolution and section 203 of the Senate amendment.

Subsection (a) applies to the House; it limits which programs may receive an advance appropriation and an overall amount of advanced appropriations. Advance appropriations may be provided for the accounts in the appropriation bills listed below, provided that their sum does not exceed \$23.158 billion in budget authority. Advance appropriations are defined as any discretionary budget authority in a measure for fiscal year 2004 which first becomes available in a year after that fiscal year. This limitation is enforced by a point of order that may be raised against any measure including an advance appropriation not falling within the exception. The result of the point of order would be to remove the advance appropriation, but the measure would continue to be considered.

### **Accounts Identified For Advanced Appropriations**

#### ***Part A: Advanced Appropriations for Fiscal Year 2005***

##### INTERIOR APPROPRIATIONS

Elk Hills (89 5428 02 271)

##### LABOR, HEALTH AND HUMAN SERVICES, EDUCATION APPROPRIATIONS

Employment and Training administration (16 0174 01 504)

Education for the Disadvantaged (91 0900 01 501)

School Improvement (91 1000 01 501)

Children and Family Services [Head Start] (75 1536 01 506)

Special Education (91 0300 01 501)

Vocational and Adult Education (91 0400 01 501)

##### TREASURY, GENERAL GOVERNMENT APPROPRIATIONS

Payment to Postal Service (18 1001 01 372)

##### VETERANS, HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS

Section 8 Renewals (86 0319 01 604)

#### ***Part B: Advanced Appropriations for Fiscal Year 2006***

##### LABOR, HEALTH AND HUMAN SERVICES, EDUCATION APPROPRIATIONS

Corporation for Public Broadcasting (20 0151 01 503)

Subsection (b) applies in the Senate and is virtually identical to the language in section 203 of the Senate amendment and sets an overall limit of \$23.158 billion

per year. The Conference Agreement modifies the Senate language only to the extent that the explicit exception for the Corporation for Public Broadcasting is moved from the text of the resolution to the list set out below. A conforming change is made to the definition of an advance appropriation to make clear that its inclusion on the list below, covers the advance for both the 1<sup>st</sup> and 2<sup>nd</sup> years.

The list of permissible advances is as follows:

### **Accounts Identified for Advance Appropriations**

#### **Interior**

Elk Hills (89 5428 02 271)

#### **Labor, HHS**

Corporation for Public Broadcasting (20 0151 01 503)

Employment and Training Administration (16 0174 01 504)

Education for the Disadvantaged (91 0900 01 501)

School Improvement (91 1000 01 501)

Children and Family Services (Head Start) (75 1536 01 506)

Special Education (91 0300 01 501)

Vocational and Adult Education (91 0400 01 501)

#### **Treasury, Postal**

Payment to Postal Service (18 1001 01 372)

#### **Veterans', HUD**

Section 8 Renewals (86 0319 01 604)

### ***Section 502. Emergency Legislation***

Section 502 the House recedes to the Senate on its regimen relating to the budgetary treatment of emergencies. With some modifications, it extends to the House the authority of Congress to designated spending-related legislation as an emergency for purposes of budget enforcement, adopts criteria for emergency spending, and requires committees to justify emergency-designated provisions. The point of order in the Senate amendment, however, continues to apply only to the Senate.

Section 502(a) of the Conference Agreement includes a statement of intent that, in the absence of the extension of the discretionary spending limits and PAYGO requirements under the Balanced Budget and Emergency Deficit Control Act of 1985, the section enables Congress to designate provisions of legislation as emergencies. The House conferees note that this regimen is similar to H.R. 853, which was reported by the House Budget Committee in the 106<sup>th</sup> Congress.

Subsections (b) sets forth the procedure in the House governing emergencies designated spending (or receipts). It extends the automatic exemption for emergency-designated spending (and receipts) from the budget resolution, which



was in effect until the statutory discretionary spending limits and PAYGO requirements expired last September. If an urgent need arises after the budget resolution is adopted, the committee of jurisdiction could designate the emergency-related provisions as an emergency requirement pursuant to this section.

Instead of adjusting the allocations and budget aggregates by the designated amount, subsection (b) provides that spending (or receipts) resulting from such measure would not be counted for purposes of determining whether the measure complies with the budget resolution or related requirements under the Budget Act of 1974. The conferees note that this is consistent with congressional scoring conventions prior to the Balanced Budget Act of 1997. Assuming the measure is otherwise in compliance with the budget resolution, it would not be subject to a point of order under sections 302(f), 303(a), 311(a) or 401 of the Congressional Budget Act of 1974. The same would be true with a violation of

In subsection (b)(2), committees reporting legislation that includes an emergency designation are required to include in the accompanying report, or the conference committee in the joint statement of managers, a statement justifying the emergency designation on the basis of the following criteria:

- Necessary, essential, or vital;
- Sudden, quickly coming into being and building up over time;
- Urgent, pressing and compelling need requiring immediate action;
- Unforeseen unpredictable and anticipated; and
- Not permanent, temporary in nature.

The conferees note that this definition was originally developed by the previous Bush Administration as part of an OMB Circular (A-11) on the preparation and submission of budget estimates.

Section 502(c) of the Conference Agreement retains the language of section 204 of the Senate amendment (which provides the authority to use an emergency designation and creates a supermajority point of order to police the use of the designation) with a number of modifications.

The Conference Agreement strengthens the requirement that committees in both Houses provide a justification for use of the designation vis a vis the criteria listed in subsection (b)(2) and (c)(3).

The point of order with respect to the use of the designation applies only in the Senate and contains some technical changes with respect to the execution of the point of order that were recommended by the Parliamentarian of the Senate. It is the view of the Conferees that the exception for "homeland security" spending could not be included at this time due to the lack of consensus between the Congress and the Executive branch as to exactly what programs, projects or activities should qualify for the exception. It may be possible to do so in the future.

### *Section 503. Extension of Supermajority Enforcement*

Section 503 of the Conference Agreement retains the language of section 201 of the Senate amendment extending 60-vote enforcement for five years.

### *Section 504. Discretionary spending limits in the Senate*

Section 504 of the Conference Agreement retains the language of section 202 of the Senate amendment which sets forth discretionary spending limits in the Senate only for fiscal years 2003, 2004 and 2005 with a number of modifications. The limits BA for FY 2003 now include the amounts included in the supplemental appropriations bill that is being considered at the same time as the conference on the budget resolution, with outlays reflected accordingly.

The Conference Agreement provides that the following amounts will be the discretionary spending limits in the Senate:

For fiscal year 2003: \$839.118 billion in new budget authority and \$805.146 billion in outlays for the discretionary category; \$31.264 billion in outlays for the highway category, and \$1.436 billion in new budget authority and \$6.551 billion in outlays for the transit category, for a total of \$840.554 billion in new budget authority and \$842.961 billion in outlays.

For fiscal year 2004: \$782.999 billion in new budget authority and \$822.563 billion in outlays for the discretionary category; \$31.555 billion in outlays for the highway category, and \$1.461 billion in new budget authority and \$6.634 billion in outlays for the transit category, for a total of \$784.460 billion in new budget authority and \$860.752 billion in outlays.

For fiscal year 2005: \$812.598 billion in new budget authority and \$817.883 billion in outlays for the discretionary category; 33.393 billion in outlays for the highway category, and \$1.488 billion in new budget authority and \$6.726 billion in outlays for the transit category, for a total of \$814.086 billion in new budget authority and \$858.002 billion in outlays.

The Conference Agreement also provides that these limits may be adjusted for emergency spending (pursuant to section 502) and for additional resources for transportation (pursuant to section 411).

### *Section 505. Pay-As-You-Go Point of Order In the Senate*

The Senate pay-as-you-go point of order included in the Conference Agreement reflects the language in the Senate-reported resolution and will apply on a post-budget resolution policy basis; that is, it will not apply to direct spending or revenue changes assumed in this resolution. To accomplish this, a scorecard will be maintained by the Chairman of the Committee on the Budget that will set out the total level of change to the deficit assumed by this budget resolution

Conference Agreement. Subsequent legislation will be measured against these balances.

The following table shows the total of revenue and direct spending policy assumptions in the Conference Agreement on the budget resolution:

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004 -08	2004 -13
PAY GO Score Card	64.789	155.946	149.364	133.611	119.017	121.625	85.416	87.650	218.726	302.840	316.973	679.563	1691.168

*Section 506. Compliance with Section 13301 of the Budget Enforcement Act of 1990.*

Section 506 retains the language of section 402 of the House resolution regarding the budgetary treatment in the House of discretionary spending for the Social Security Administration.

*Section 507. Application and Effect of Changes in Allocations and Aggregates*

Section 507 of the Conference Agreement retains the language of section 321 of the House resolution (which is virtually identical to Section 204 of the Senate amendment) clarifying the process for implementing any adjustment made pursuant to the reserve funds and the status of these adjusted levels. It further clarifies that the Budget Committee determines scoring for purposes of points of order. The section also makes clear that, for the purpose of enforcing provisions of the Congressional Budget Act in the House, legislation must be within a reporting committee's allocation for fiscal year 2004 and the period of fiscal years 2004 through 2008.

*Section 508. Adjustments to Reflect Changes in Concepts and Definitions*

Section 508 of the Conference Agreement retains the language of section 221 of the Senate amendment and applies it to the House. It provides that upon enactment of legislation that changes funding of an existing program from discretionary to mandatory (or vice versa), the Chairman of the Committee on the Budget will immediately adjust the levels in this resolution (including the discretionary spending limits) to reflect such a change.

## **ALLOCATIONS**

As required in section 302 of the Congressional Budget Act, the joint statement of managers includes an allocation, based on the Conference Agreement, of total budget authority and total budget outlays among each of the appropriate committees. The allocations are as follow:

## ALLOCATION OF SPENDING AUTHORITY TO HOUSE APPROPRIATIONS COMMITTEE

[In millions of dollars]

	2003	2004
Discretionary Action:		
BA .....	840,554	784,460
OT .....	842,961	860,752
Current Law Mandatory:		
BA .....	391,344	426,127
OT .....	378,717	409,870

**ALLOCATIONS OF SPENDING AUTHORITY TO HOUSE COMMITTEES OTHER THAN APPROPRIATIONS**

[Dollars in millions]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>Agriculture Committee:</b>													
Current Law													
BA .....	19,840	20,509	22,792	22,501	21,709	20,518	5,720	5,897	6,014	6,028	5,991	108,029	137,679
OT .....	15,480	16,561	19,201	19,449	18,467	17,078	2,734	3,151	3,429	3,754	3,712	90,756	107,536
Reauthorizations:													
BA .....						26,803	43,206	43,226	43,260	43,405	43,736	26,803	243,636
OT .....						25,586	43,169	43,188	43,221	43,367	43,696	25,586	242,227
Total:													
BA .....	19,840	20,509	22,792	22,501	21,709	47,321	48,926	49,123	49,274	49,433	49,727	134,832	381,315
OT .....	15,480	16,561	19,201	19,449	18,467	42,664	45,903	46,339	46,650	47,121	47,408	116,342	349,763
<b>Armed Services Committee:</b>													
Current Law:													
BA .....	74,000	77,493	80,663	83,445	86,350	89,324	92,292	95,417	98,608	101,899	105,348	417,275	910,839
OT .....	73,476	77,295	80,459	83,291	86,195	89,166	92,132	95,253	98,438	101,723	105,167	416,406	909,119
Discretionary Action:													
BA .....		70										70	70
OT .....		34	32	4								70	70
Total:													
BA .....	74,000	77,563	80,663	83,445	86,350	89,324	92,292	95,417	98,608	101,899	105,348	417,345	910,909
OT .....	73,476	77,329	80,491	83,295	86,195	89,166	92,132	95,253	98,438	101,723	105,167	416,476	909,189
<b>Committee on Education and the Workforce:</b>													
Current Law:													
BA .....	5,069	4,809	5,666	6,357	6,656	6,887	7,091	7,273	7,452	7,630	7,885	30,375	67,706
OT .....	4,516	4,121	5,053	5,637	5,942	6,212	6,401	6,572	6,733	6,897	7,138	26,965	60,706
Discretionary Action:													
BA .....	130	39	38	38	43	43	42	45	44	44	43	201	419
OT .....	115	47	47	47	52	52	52	57	57	57	57	245	525
Reauthorizations:													
BA .....		393	404	415	3,503	3,583	3,667	3,664	3,843	3,933	4,027	8,298	27,432
OT .....		330	402	413	2,422	3,419	3,629	3,728	3,816	3,906	3,999	6,986	26,064
Total:													
BA .....	5,199	5,241	6,108	6,810	10,202	10,513	10,800	10,982	11,339	11,607	11,955	38,874	95,557
OT .....	4,631	4,498	5,502	6,097	8,416	9,683	10,082	10,357	10,606	10,860	11,194	34,196	87,295

**Energy and Commerce Committee:**

## Current Law:

BA .....	10,433	10,710	11,718	11,824	12,845	7,807	7,773	7,882	8,009	8,099	8,234	54,904	94,901
OT .....	11,987	12,071	11,900	12,003	12,455	10,289	8,154	7,719	7,615	7,732	7,849	58,718	97,787

## Discretionary Action:

BA .....	— 170	— 480	— 910	1,250	749	— 1,996	— 2,161	— 2,296	— 4,780	— 4,904	439	— 15,698
OT .....	— 170	— 480	— 910	1,250	749	— 1,996	— 2,161	— 2,296	— 4,780	— 4,904	439	— 15,698

## Reauthorizations:

BA .....						5,040	5,040	5,040	5,040	5,040	5,040	5,040	30,240
OT .....						2,345	4,470	5,130	5,446	5,465	5,443	2,345	28,299

## Total:

BA .....	10,433	10,540	11,238	10,914	14,095	13,596	10,817	10,761	10,753	8,359	8,370	60,383	109,443
OT .....	11,987	11,901	11,420	11,093	13,705	13,383	10,628	10,688	10,765	8,417	8,388	61,502	110,388

**Financial Services Committee:**

## Current Law:

BA .....	6,100	7,406	8,430	8,365	7,702	7,558	7,456	7,568	7,795	7,938	8,170	39,461	78,388
OT .....	1,951	2,139	2,740	1,921	894	650	435	170	— 228	— 622	— 619	8,344	7,480

## Discretionary Action:

BA .....													
OT .....		375	525	575	50	— 275	— 275	— 300	— 300	— 200		1,250	175

## Total:

BA .....	6,100	7,406	8,430	8,365	7,702	7,558	7,456	7,568	7,795	7,938	8,170	39,461	78,388
OT .....	1,951	2,514	3,265	2,496	944	375	160	— 130	— 528	— 822	— 619	9,594	7,655

**Government Reform Committee:**

## Current Law:

BA .....	66,645	68,243	71,550	74,376	77,325	80,696	84,320	88,242	92,163	95,997	99,999	372,190	832,911
OT .....	65,140	66,710	70,071	72,959	75,902	79,272	82,863	86,817	90,798	94,705	98,875	364,914	818,972

## Discretionary Action:

BA .....	— 1		— 1		— 1	— 1	— 1	— 1	— 1	— 1	— 1	— 3	— 8
OT .....				— 1		— 1	— 1	— 1	— 1	— 1	— 1	— 1	— 6

## Total:

BA .....	66,645	68,242	71,550	74,375	77,325	80,695	84,319	88,241	92,162	95,996	99,998	372,187	832,903
OT .....	65,140	66,710	70,071	72,959	75,901	79,272	82,862	86,816	90,797	94,704	98,874	364,913	818,966

**Committee on House Administration:**

## Current Law:

BA .....	82	82	83	82	81	80	79	79	79	79	79	408	803
OT .....	85	246	38	23	54	213	79	61	55	208	48	574	1,025

ALLOCATIONS OF SPENDING AUTHORITY TO HOUSE COMMITTEES OTHER THAN APPROPRIATIONS—Continued

[Dollars in millions]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–08	2004–13
<b>International Relations Committee:</b>													
Current Law:													
BA .....	13,633	9,825	11,398	12,424	12,665	12,912	13,162	13,417	13,679	13,911	14,147	59,224	127,540
OT .....	11,441	11,746	10,704	10,749	11,052	11,374	11,680	11,953	12,231	12,503	12,810	55,625	116,802
<b>Resources Committee:</b>													
Current Law:													
BA .....	3,832	3,840	3,676	3,740	3,739	3,050	2,981	3,039	3,112	3,196	3,272	18,045	33,645
OT .....	3,412	3,437	3,200	3,540	3,585	3,145	2,969	2,912	2,965	3,040	3,098	16,907	31,891
Discretionary Action:													
BA .....	7	24	118	124	126	130	133	137	139	143	146	522	1,220
OT .....	7	24	9	76	109	124	127	129	132	134	139	342	1,003
Total:													
BA .....	3,839	3,864	3,794	3,864	3,865	3,180	3,114	3,176	3,251	3,339	3,418	18,567	34,865
OT .....	3,419	3,461	3,209	3,616	3,694	3,269	3,096	3,041	3,097	3,174	3,237	17,249	32,894
<b>Judiciary Committee:</b>													
Current Law:													
BA .....	5,914	6,942	5,749	5,783	5,862	5,959	6,154	6,263	6,366	6,466	6,582	30,295	62,126
OT .....	5,870	6,082	6,101	5,985	5,838	5,888	6,065	6,137	6,218	6,306	6,418	29,894	61,038
Discretionary Action:													
BA .....		19	19	19	19	19	19	19	19	19	19	95	190
OT .....		19	19	19	19	19	19	19	19	19	19	95	190
Total:													
BA .....	5,914	6,961	5,768	5,802	5,881	5,978	6,173	6,282	6,385	6,485	6,601	30,390	62,316
OT .....	5,870	6,101	6,120	6,004	5,857	5,907	6,084	6,156	6,237	6,325	6,437	29,989	61,228
<b>Transportation and Infrastructure Committee:</b>													
Current Law:													
BA .....	69,531	8,038	14,449	13,581	13,345	13,583	13,804	14,129	14,407	14,798	15,284	62,996	135,418
OT .....	30,724	13,244	14,935	13,854	13,503	13,642	13,835	14,136	14,403	14,793	15,283	69,178	141,628
Discretionary Action:													
BA .....		9,256	5,890	6,868	8,942	10,178	10,965	9,983	10,000	10,019	10,038	41,134	92,139
OT .....													
Reauthorizations:													
BA .....		40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	201,155	402,310
OT .....		173	441	550	588	613	626	639	639	639	639	2,365	5,547



Total:														
BA .....	69,531	57,525	60,570	60,680	62,518	63,992	65,000	64,343	64,638	65,048	65,553	305,285	629,867	
OT .....	30,724	13,417	15,376	14,404	14,091	14,255	14,461	14,775	15,042	15,432	15,922	71,543	147,175	
Science Committee:														
Current Law:														
BA .....	130	55	56	57	59	60	61	63	65	67	68	287	611	
OT .....	122	123	120	90	72	60	60	62	64	65	67	465	783	
Small Business Committee:														
Current Law:														
BA .....	864	3	1	1	1							6	6	
OT .....	792	-6				-1	-1	-1	-1	-1	-1	-7	-12	
Veterans' Affairs Committee:														
Current Law:														
BA .....	1,171	1,311	1,297	1,310	1,319	1,324	1,310	1,291	1,254	1,207	1,158	6,561	12,781	
OT .....	1,042	1,217	1,228	1,250	1,262	1,270	1,262	1,250	1,224	1,185	1,142	6,227	12,290	
Reauthorizations:														
BA .....		429	1,129	1,766	2,254	3,080	3,791	4,540	5,657	5,566	6,750	8,658	34,962	
OT .....		419	1,129	1,746	2,231	3,072	3,773	4,481	5,636	5,505	6,688	8,597	34,680	
Total:														
BA .....	1,171	1,740	2,426	3,076	3,573	4,404	5,101	5,831	6,911	6,773	7,908	15,219	47,743	
OT .....	1,042	1,636	2,357	2,996	3,493	4,342	5,035	5,731	6,860	6,690	7,830	14,824	46,970	
Ways and Means Committee:														
Current Law:														
BA .....	728,516	728,732	792,780	855,434	906,045	955,712	1,009,838	1,064,521	1,123,340	1,164,783	1,214,151	4,238,703	9,815,336	
OT .....	731,399	732,853	796,856	852,561	906,718	956,342	1,010,200	1,065,527	1,127,592	1,162,020	1,215,640	4,245,330	9,826,309	
Discretionary Action:														
BA .....	4,444	1,334	4,458	3,862	3,343	2,608	2,145	168	-2,219	9,076	8,323	15,605	33,098	
OT .....	4,380	762	4,486	3,890	3,483	2,781	2,133	221	-2,205	9,087	8,327	15,402	32,965	
Reauthorizations:														
BA .....	3,417	16,889	16,889	16,889	16,889	17,788	17,808	17,829	17,851	17,873	17,897	85,344	174,602	
OT .....	3,025	15,000	17,250	17,700	17,300	17,298	17,747	17,819	17,840	17,863	17,886	84,548	173,703	
Total:														
BA .....	736,377	746,955	814,127	876,185	926,277	976,108	1,029,791	1,082,518	1,138,972	1,191,732	1,240,371	4,339,652	10,023,036	
OT .....	738,804	748,615	818,592	874,151	927,501	976,421	1,030,080	1,083,567	1,143,227	1,188,970	1,241,853	4,345,280	10,032,977	
Medicare:														
Discretionary Action (Reserve Fund):														
BA .....		7,000	na	na	na	na	na	na	na	na	na	na	400,000	
OT .....		7,000	na	na	na	na	na	na	na	na	na	na	400,000	

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302  
OF THE CONGRESSIONAL BUDGET ACT: BUDGET YEAR TOTAL 2003

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations:				
General purpose discretionary .....	839,118	805,146	.....	.....
Memo:				
On-budget .....	835,306	801,308	.....	.....
Off-budget .....	3,812	3,838	.....	.....
Highways .....		31,264	.....	.....
Mass transit .....	1,436	6,551	.....	.....
Mandatory .....	391,344	378,717	.....	.....
Total .....	1,231,898	1,221,678	.....	.....
Agriculture, Nutrition, and Forestry .....	19,359	14,964	52,763	40,712
Armed Services .....	73,996	73,473	275	233
Banking, Housing and Urban Affairs .....	12,558	1,599	118	16
Commerce, Science and Transportation .....	10,590	7,255	885	814
Energy and Natural Resources .....	2,879	2,539	48	63
Environment and Public Works .....	30,830	2,372	.....	.....
Finance .....	759,763	763,470	286,512	286,509
Foreign Relations .....	13,595	11,366	183	183
Government Affairs .....	66,931	65,426	16,564	16,564
Judiciary .....	6,509	6,441	534	527
Health, Education, Labor and Pensions .....	5,328	4,805	2,814	2,801
Rules and Administration .....	82	85	104	103
Intelligence .....	.....	.....	223	223
Veterans' Affairs .....	1,171	1,109	30,321	29,969
Indian Affairs .....	456	444	.....	.....
Small Business .....	864	769	.....	.....
Unassigned to Committee .....	(371,644)	(358,647)	.....	.....
Total .....	1,865,165	1,819,148	391,344	378,717

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302  
OF THE CONGRESSIONAL BUDGET ACT: BUDGET YEAR TOTAL 2004

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations:				
General purpose discretionary .....	782,999	822,563	.....	.....
Memo:				
On-budget .....	778,742	818,356	.....	.....
Off-budget .....	4,257	4,207	.....	.....
Highways .....		31,555	.....	.....
Mass transit .....	1,461	6,634	.....	.....
Mandatory .....	426,949	410,619	.....	.....
Total .....	1,211,409	1,271,371	.....	.....
Agriculture, Nutrition, and Forestry .....	20,801	16,826	55,536	39,472
Armed Services .....	77,560	77,326	357	376
Banking, Housing and Urban Affairs .....	13,946	2,251	120	12
Commerce, Science and Transportation .....	10,908	6,518	827	843
Energy and Natural Resources .....	2,669	2,390	64	70
Environment and Public Works .....	35,654	2,312	.....	.....
Finance .....	757,606	760,928	315,856	315,780
Foreign Relations .....	9,787	11,689	179	179
Government Affairs .....	68,533	67,000	17,362	17,362
Judiciary .....	7,883	7,230	511	523
Health, Education, Labor and Pensions .....	5,232	4,439	2,888	2,872
Rules and Administration .....	82	246	109	109
Intelligence .....	.....	.....	226	226
Veterans' Affairs .....	1,311	1,260	32,914	32,795
Indian Affairs .....	475	472	.....	.....
Small Business .....	3	(23)	.....	.....
Unassigned to Committee .....	(371,280)	(355,315)	.....	.....
Total .....	1,852,579	1,876,920	426,949	410,619

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302  
OF THE CONGRESSIONAL BUDGET ACT, 5-YEAR TOTAL: 2004–2008

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture .....	109,330	91,951	288,857	206,256
Armed Services .....	417,330	416,461	2,992	3,047
Banking, Housing and Urban Affairs .....	71,267	7,231	626	(104)
Commerce, Science, and Transportation .....	60,492	38,575	4,538	4,541
Energy and Natural Resources .....	11,991	10,905	320	333
Environment and Public Works .....	190,317	10,561	.....	.....
Finance .....	4,501,491	4,510,575	1,824,189	1,823,275
Foreign Relations .....	59,034	55,412	876	876
Governmental Affairs .....	372,971	365,695	93,701	93,701
Judiciary .....	25,585	25,756	2,629	2,640
Health, Education, Labor, and Pensions .....	32,738	29,056	15,226	15,126
Rules and Administration .....	408	574	588	588
Intelligence .....	.....	.....	1,230	1,230
Veterans' Affairs .....	6,561	6,382	176,815	176,196
Indian Affairs .....	2,587	2,569	.....	.....
Small Business .....	6	(59)	.....	.....

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302  
OF THE CONGRESSIONAL BUDGET ACT, 10-YEAR TOTAL: 2004–2013

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture .....	209,130	178,892	600,618	446,118
Armed Services .....	910,879	909,159	7,129	7,273
Banking, Housing and Urban Affairs .....	141,433	1,859	1,318	(176)
Commerce, Science, and Transportation .....	113,446	69,687	10,252	10,232
Energy and Natural Resources .....	22,263	20,458	640	653
Environment and Public Works .....	393,698	19,403	.....	.....
Finance .....	10,593,061	10,608,189	4,487,111	4,485,223
Foreign Relations .....	127,160	116,399	1,733	1,733
Governmental Affairs .....	833,756	819,817	206,453	206,453
Judiciary .....	42,068	41,692	5,459	5,455
Health, Education, Labor, and Pensions .....	71,126	64,104	32,601	32,468
Rules and Administration .....	803	1,025	1,309	1,309
Intelligence .....	.....	.....	2,648	2,648
Veterans' Affairs .....	12,781	12,501	373,770	372,651
Indian Affairs .....	5,805	5,765	.....	.....
Small Business .....	6	(76)	.....	.....

## **ECONOMIC ASSUMPTIONS**

Section 301(g)(2) of the Congressional Budget Act requires that the joint explanatory statement accompanying a conference report on a budget resolution set forth the common economic assumptions upon which the joint statement and conference report are based. The Conference Agreement is built upon the economic forecasts developed by the Congressional Budget Office [CBO] and presented in CBO's "The Budget and Economic Outlook: Fiscal Years 2004–2013" (January 2003).

House Resolution.— CBO's economic assumptions were used.

Senate Amendment.— CBO's economic assumptions were used.

Conference Agreement.— CBO's economic assumptions were used.

# ECONOMIC ASSUMPTIONS OF BUDGET RESOLUTION

[Calendar years 2003–2013]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP (percentage change year over year): .....	2.5	3.6	3.4	3.3	3.2	3.1	3.0	2.9	2.6	2.5	2.7
GDP Price Index (percentage change year over year): .....	1.6	1.7	2.0	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Consumer Price Index (percentage change year over year): .....	2.3	2.2	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Unemployment Rate (percent): .....	5.9	5.7	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2
3-month Treasury Bill Rate (percent):	1.4	3.5	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
10-year Treasury Note Rate (percent):	4.4	5.2	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8

Source: CBO.

## **PUBLIC DEBT**

The adoption of this Conference Agreement by the two Houses would result in the engrossment of a House Joint Resolution adjusting the level of the statutory limit on the public debt pursuant to House Rule XXVII. In consonance with clause 3 of that rule, the conferees contemplate a joint resolution of the following form:

*“Resolved, by the Senate and the House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof \$7,384,000,000,000.”*

If the joint resolution is enacted to raise the debt limit to the level contemplated by this conference agreement, the limit will be increased from \$6.4 trillion to \$7.384 trillion.

Legislative jurisdiction over the public debt remains with the Committee on Ways and Means. The debt rule does not preclude that committee from originating public debt limit bills whenever necessary.



## **OTHER PROVISIONS**

The Senate amendment included 4 separate sections dealing with various reserve funds and or adjustments that have not been included in this Conference Agreement. These provisions are discussed below.

The Agreement does not include any language with respect to section 211 of the Senate amendment which provided an adjustment for Part B grant program under the Individuals with Disabilities Education Act. Additional funding for this program is assumed within the functional levels and discretionary spending limits set out in the Conference Agreement.

The Agreement also does not include any language with respect to section 218 of the Senate amendment which provided a reserve for the State grant program which is funded through the Land and Water conservation fund. The section 218 language was proposed only in conjunction with a reconciliation instruction to the Senate Committee on Energy and Natural Resources designed to facilitate exploration of the Arctic National Wildlife Refuge. This Conference Agreement does not include any such instruction, thus the reserve fund has become irrelevant.

The Agreement does not include any language with respect to section 319 of the Senate amendment which purported to provide a reserve fund to strengthen Social Security. As discussed above, the language was superfluous and thus was not adopted by the conferees.

The Agreement does not include any language with respect to section 329 of the Senate amendment which purported to create a \$100 billion reserve for the war in Iraq and subsequent reconstruction. Again the language was superfluous and has in fact been superceded by the President's request and Congress' action on a FY 2003 supplemental appropriations bill for just this purpose.

## SENSES OF CONGRESS

### *House Resolution*

The House Resolution did not include any Senses of the House or of Congress.

### *Senate Amendment*

The Senate amendment contains twenty-seven “Sense of the Senate” provisions that were adopted either during the markup or during consideration on the Senate floor. Two other provisions calling for reserve funds were also adopted and included in Title III of the Senate amendment. They more appropriately should have appeared in Title II with other reserve funds and adjustments. These are non-binding statements.

- Section 301. Sense of the Senate on Federal employee pay
- Section 302. Sense of the Senate on Tribal colleges and universities
- Section 303. Sense of the Senate regarding the 504 small business credit program
- Section 304. Sense of the Senate regarding Pell Grants
- Section 305. Sense of the Senate regarding the National Guard
- Section 306. Sense of the Senate regarding weapons of mass destruction civil support teams
- Section 307. Sense of the Senate on emergency and disaster assistance for livestock and agriculture producers
- Section 308. Social Security restructuring
- Section 309. Sense of the Senate concerning State fiscal relief
- Section 310. Federal Agency Review Commission
- Section 311. Sense of the Senate regarding highway spending
- Section 312. Sense of the Senate concerning an expansion in health care coverage
- Section 313. Sense of the Senate on the State Criminal Alien Assistance Program
- Section 314. Sense of the Senate concerning programs of the Corps of Engineers
- Section 315. Radio interoperability for first responders
- Section 316. Sense of the Senate on corporate tax haven loopholes
- Section 317. Sense of the Senate on phased-in concurrent receipt of retired pay and veterans’ disability compensation for veterans with service-connected disabilities rated at 60 percent or higher
- Section 318. Sense of the Senate concerning Native American Health
- Section 319. Reserve fund to strengthen social security
- Section 320. Sense of the Senate on providing tax and other incentives to revitalize rural America
- Section 321. Sense of the Senate concerning higher education affordability
- Section 322. Sense of the Senate concerning children’s graduate medical education
- Section 323. Sense of the Senate on funding for criminal justice

Section 324. Sense of the Senate concerning funding for drug treatment programs  
Section 325. Funding for after-school programs  
Section 326. Sense of the Senate on the \$1,000 child credit  
Section 327. Sense of the Senate concerning funding for domestic nutrition assistance programs  
Section 328. Sense of the Senate concerning free trade agreement with the United Kingdom  
Section 329. Reserve fund for possible military action and reconstruction in Iraq

### ***Conference Agreement***

The Conference Agreement contains the following Senses of the Senate:

Section 601. Sense of the Senate on Federal employee pay.  
Section 602. Sense of the Senate regarding Pell Grants.  
Section 603. Sense of the Senate on emergency and disaster assistance for livestock and agriculture producers.  
Section 604. Social Security restructuring  
Section 605. Sense of the Senate concerning State fiscal relief  
Section 606. Federal Agency Review Commission  
Section 607. Sense of the Senate regarding highway spending  
Section 608. Sense of the Senate on Reports and Liabilities and Future Costs  
Section 609. Sense of the Senate concerning an expansion in health care coverage  
Section 610. Sense of the Senate concerning programs of the Corps of Engineers  
Section 611. Sense of the Senate concerning Native American Health  
Section 612. Sense of the Senate on providing tax and other incentives to revitalize rural America  
Section 613. Sense of the Senate concerning children's graduate medical education  
Section 614. Sense of the Senate on funding for criminal justice  
Section 615. Sense of the Senate concerning funding for drug treatment programs  
Section 616. Sense of the Senate concerning free trade agreement with the United Kingdom